

SENATE OF PAKISTAN

REPORT NO.28 OF 2020



House of the Federation

**REPORT OF THE STANDING COMMITTEE ON FINANCE,
REVENUE, AND ECONOMIC AFFAIRS**

ON

**THE FINANCE BILL, 2020,
CONTAINING THE ANNUAL BUDGET STATEMENT**

PRESENTED BY

**SENATOR FAROOQ HAMID NAEK
CHAIRMAN (COMMITTEE)**

SENATE SECRETARIAT

REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE AND ECONOMIC AFFAIRS ON THE FINANCE BILL, 2020, CONTAINING THE ANNUAL BUDGET STATEMENT

The budget for the year 2020-21 was presented in the National Assembly on 12th June, 2020, by Mr. Muhammad Hammad Azhar, Minister for Industries and Production. On the same day a copy of the Finance Bill, containing the Annual Budget Statement was laid in the Senate. On a motion moved by the Minister for Industries and Production, the Senate was asked to make recommendations thereon, under Article 73 of the Constitution, to the National Assembly.

2. The proposals were invited from the members of the Senate so as to reach by Monday, the 15th June, 2020, at the latest. The Honourable Chairman Senate announced that the proposals received for making recommendations on the Finance Bill, 2020, containing the Annual Budget Statement shall be sent to the Senate Standing Committee on Finance, Revenue and Economic Affairs and the proposals pertaining to the PSDP shall be sent to the Senate Standing Committee on Planning, Development and Reforms, which shall examine them and forward its recommendations to the Standing Committee on Finance within seven days for making part of the final recommendations to be presented before the House within ten days.

3. Notices of 135 proposals were received from the members which were referred to the Standing Committee on Finance, Revenue and Economic Affairs for consideration and report. The Standing Committee held its ten meetings on 16th, 17th, 18th, 19th, 22th & 23rd June, 2020, respectively at Parliament House, Islamabad. The Committee considered the Finance Bill, 2020, clause by clause, proposed various amendments therein and the recommendations of each Senator were considered and deliberated upon. In addition, the Committee heard various representatives from private sectors and considered their proposals.



4. The following attended the meetings:-

(1)	Senator Farooq Hamid Naek	Chairman
(2)	Senator Mohsin Aziz	Member
(3)	Senator Mian Muhammad Ateeq Shaikh	Member
(4)	Senator Musaddik Masood Malik	Member
(5)	Senator Ayesha Raza Farooq	Member
(6)	Senator Muhammad Talha Mahmood	Member
(7)	Senator Sherry Rehman	Member
(8)	Senator Muhammad Akram	Member
(9)	Senator Zeeshan Khanzada	Member

5. Before embarking on detailed discussion of the provisions of the Finance Bill, 2020, the Chairman of the Committee, in unequivocal terms, stated that this Committee exercises its mandate under Article 73 of the Constitution of Pakistan, 1973; therefore, it is bound to follow provisions of said Article in letter and spirit. The Chairman, by referring to Clauses 2, 3 of the said Article of the Constitution, held that proposed amendments shall only be considered as Money Bill if they contain provisions dealing with imposition, abolition, remission, alteration or regulation of any tax. He further clarified that an amendment shall not be deemed to be Money Bill by reason only that it provides for the imposition or alteration of any fine or other penalty. During the course of discussion, the Chairman cited various judgments of the courts including 2015 PTD 1030, PLD 2011 SC 213, PLD 2009 SC 879, PLD 2017 SC 28. While explaining the judgments, he emphasized that it was ruled by the Supreme Court that only incidental and not the administrative matters falls in the preview of Money Bill and that provision of Article 73 are to be strictly construed.

6. The representatives of the Ministries and Federal Board of Revenue submitted that most of the amendments are covered either by word "regulation" or "incidental" used in Article 73 of the Constitution. They were of the view that, historically, such amendments were always brought through Money Bills and approval was accorded to them as a matter of routine. They further submitted that matters related to manners, methodologies and machinery for collection of taxes are sufficiently covered by Article 73 of the Constitution. Majority of the Members, with dissent notes by Senator Mohsin Aziz and Zeeshan Khanzada, agreed to the view of the Chairman and the Committee after

detailed discussion laid down following two parameters for the acceptability of Finance Bill:

- a) The amendments should relate to the impositions, abolition, remission, alteration, regulation of taxes; and
- b) The amendments should be in the welfare of the general public.

7. The proposals of Members of the Senate referred to the Standing Committee on Finance, Revenue and Economic Affairs is at **Annex-A** and the proposals referred to the Standing Committee on Planning, Development and Reforms is at **Annex-B**. The Committee in its meeting held on 23rd June, 2020, (in the morning) gave approval for presentation of this report to the House.



(HYDER ALI)
Secretary (Committee)



(SENATOR FAROOQ HAMID NAEK)
Chairman (Committee)

Islamabad, the
23rd June, 2020

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PROPOSALS OF MEMBERS OF THE SENATE FOR THE BUDGET
YEAR 2020-21

(1). SENATOR KALSOOM PARVEEN

1. FED on Cigarettes may be enhanced as per guide lines given by the World Health Organization to bring the rates of FED at par with other countries in the region.

Recommended.

(Dissented by Senator Mohsin Aziz)

2. Tax levied on fees of private schools be abolished.

Withdrawn

3. Salary of government employees be enhanced at least by 10 percent.

Recommended

4. Further relief be given in Duty on Cement.

Not-Recommended

(2). SENATOR MUHAMMAD ALI KHAN SAIF

1. Tobacco must be treated as a crop like wheat, maize, sugarcane etc. and must be exempted from taxes/duties.

Recommended

2. Taxes may be imposed on processed/manufactured tobacco products only.

Recommended

3. FED on Cigarettes products of Tier-I must be increased by Rs.30/- per pack, whereas, on the Tier-II, the increase should be Rs.10/- per pack.

Recommended

4. Taxation rates on cigarettes processed/ manufactured by local concerns must be rationalized viz a viz tobacco products processed / manufactured by concerns owned by Multinational Companies. A lower tax rate/duties should be imposed on local products as opposed to international brands.

Recommended



5. International brand cigarettes are being smuggled into/outside Pakistan. This is damaging for locally manufactured products. Strict Anti-smuggling measures must be adopted to prevent this practice.

Recommended

(3). SENATOR ZEESHAN KHANZADA

1. **Exemptions from the provisions of Section 113 of ITO 2001 for FATA and PATA resident persons/companies.**

Background

Under the 25th Constitution amendment, FATA and PATA regions were merged with the Khyber Pakhtunkhwa Province. At the time of merger, they were promised exemptions from taxed. The promised exemption related to Income Tax is provided under clause 145A of Part I of Second Schedule of the Income Tax Ordinance, 2001 ["ITO, 2001"]. This exemption is allowed for a period of 5 years starting from June 01, 2018. However, they are still required to pay minimum income tax under Section 113(1) of ITO, 2001.

Proposed Modification


As was promised; resident persons (individuals, partnerships and companies) in erstwhile FATA and PATA should be provided Exemption from Minimum tax under section 113(1) of ITO, 2001. It is proposed that a new sub clause be inserted in clause 11A of Part IV of Second Schedule to provide the said exemption.

Withdrawn

2. **Exemption from provisions of Section 148 of ITO 2001 in Clause 109A of Part IV of Second Schedule of ITO 2001 to FATA and PATA region resident persons/companies.**

Background

Every person importing goods have to pay advance income tax at specified rates unless specific or quota based exemption is provided at the time of clearing of goods from the port/border under Section 148 of the Income Tax Ordinance 2001. As stated above FATA and PATA resident persons (Individuals, partnerships & companies) are exempt from the levy of income tax. However, after the merger, tax authorities are denying exemption from collection of advance tax under Section 148 of ITO 2001 on import of goods. Tax payers in such regions have sought relief from the court to avoid this illegal and unjust collection of income tax at import stage. The Court in multiple judgments have explicitly stated that such persons are exempted from levy of income tax historically under the constitution of Pakistan and essence of current income tax exemption is to be provide to them exemption from collection/withholding income tax. It also to be noted that Income Tax Ordinance 2001 has given exemption to such person from withholding of income tax under various provisions of ITO 2001 under clause 109A of the Part IV of Second Schedule of ITO 2001.



Proposed Modification

This is kindly brought to your notice that clause 109A of the Part IV of Second Schedule of ITO, 2001, does not cover Section 148 of Division II of Part V of Chapter X of ITO, 2001 which primarily deals with the collection of tax at import stage.

It is proposed that an amendment should be made in clause 109A of Part IV of Second Schedule of ITO, 2001 to provide for exemption to resident persons (Individuals, partnerships & companies) of FATA & PATA; from collection of advance tax under Section 148 of ITO 2001 on import of goods.

Withdrawn

3. Advance Tax at Import Stage under Section 148 of ITO, 2001, amendment to the proposed Twelfth Schedule of Income Tax Ordinance, 2001.

Background

Currently advance tax under section 148 of ITO, 2001 is being charged at import stage at different rates for different persons. Further, tax mechanism is quite complex as for various industrial undertakings/manufacturers, tax collected is categorized as minimum tax and for other industrial undertaking/manufacturers it is adjustable tax. For every commercial importer tax collected is categorized as minimum tax, therefore, to rationalize and simplify the tax collection mechanism at import stage, Finance Bill 2020 proposed to classify advance tax collection rates on the basis of categories of products.

The proposed Twelfth Schedule has been proposed to be inserted and it proposes to classify goods in three parts.

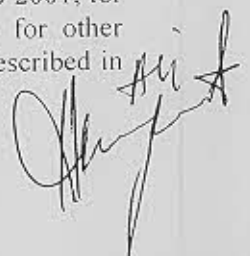
Part I covers "Capital Goods". Every manufacturer or commercial importer producing or importing any kind of capital goods shall fall under this part and shall be charged 1% of the import value as increased by customs-duty, sales tax and federal excise duty.

Part II pertains to "Raw Material". As mentioned above, every manufacturer or commercial importer producing or importing any kind of raw material shall be charged to 2% of the import value as increased by customs-duty, sales tax and federal excise duty.

Part III pertains to "Finished Goods". As mentioned above, every manufacturer or commercial importer producing or importing any kind of finished goods shall be charged to 5.5% of import value as increased by customs-duty, sales tax and federal excise duty.

Proposed Modification

It is proposed that income tax collection rates under Section 148 of ITO 2001; for industrial undertakings/manufacturers should be less than the rates for other persons. Hence, it is proposed to reduce income tax collection rate prescribed in



Part III for industrial undertakings. Following changes are proposed to the Twelfth Schedule introduced vide Finance Bill, 2020.

Part	Persons	Rate proposed in Twelfth Schedule via Finance Bill, 2020	Proposed Rates for Industrial Undertakings	Proposed Rates for Other Persons
I	Persons importing goods classified in Part I of the Twelfth Schedule	1% of the import value as increased by customs-duty, sales tax and federal excise duty	1% of the import value as increased by customs-duty, sales tax and federal excise duty	2% of the import value as increased by customs-duty, sales tax and federal excise duty
II	Persons importing goods classified in Part II of the Twelfth Schedule	2% of the import value as increased by customs-duty, sales tax and federal excise duty	2% of the import value as increased by customs-duty, sales tax and federal excise duty	4% of the import value as increased by customs-duty, sales tax and federal excise duty

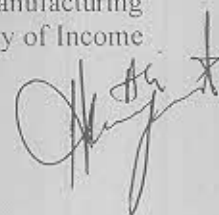
It is also proposed to amend Section 148(7) of ITO 2001 to exclude classifying income tax collected from industrial undertakings as minimum tax at import stage for goods falling under Part III of this schedule.

Recommended

4. Tax Incentives for Local Investors to Invest in Industrial Undertaking Producing Import Alternative Products.

Background

In current times, due to absence of domestic alternatives of products of certain categories, manufacturers and commercial importers have to import various raw material/essential finished goods from different countries, it not only increases Pakistan import bill but also current account deficit. Such raw materials/essential finished goods costs are largely dependent on international rates or specific country market rates, hence, any increase in international rates increase costs for end consumers in Pakistan, thereby, contributing to increase in inflation in Pakistan, resulting in burdening rank and file. SRO 1/2-STB/2019/6599-R issued on January 16, 2020 states that greenfield industries producing/manufacturing alternatives for products imported were given an exemption from levy of Income Tax for a period of 5 years.



Proposed Modification

It is proposed that Government should highlight top ten import products from above categories having no local alternative and increase the canvas of Greenfield definition to include these categories. It is also suggested that exemption of Income tax for such new category in the definition of Greenfield Industry for a period of 5 years be extended to 10 years and also provide exemption from levy of Sales Tax for establishing manufacturing units in sectors or for products for which no local alternative is available for a period of 10 years from the date of establishment of such units.

Recommended to the extent of Income Tax for 5 years

5. Reinstatement of clause (72b) of Part IV of Second Schedule of Income Tax Ordinance, 2001.

Background

Currently, in Income Tax Ordinance, 2001 clause (72b) is included which states that provisions of Section 148, which relates to deduction/collection of advance tax at import stage, shall not apply to industrial undertakings if their tax liability for current year, on the basis of tax liability determined for any of two preceding tax years, and higher of both conditions has been paid and Commissioner has issued an exemption certificate. However, this exemption was not available to manufacturers/industrial falling under minimum tax regime under Section 148(8) of ITO, 2001. In Finance Bill, 2020 it is proposed that Section 148(8) is omitted, therefore, the manufacturers/industrial undertakings have been relieved from minimum tax rule. In addition to that, the bill also proposes to omit clause (72b) of Part IV of Second Schedule of Income Tax Ordinance, 2001, thus depriving the right of income tax exemptions of manufacturers/industrial undertakings.

Proposed Modification

I propose that clause (72b) of Part IV of Second Schedule of ITO, 2001 should be reinstated and proposed amendment through Finance Bill 2020 by FBR should be omitted.

Recommended

6. Input Tax Disallowance under Section 73(4) of Sales Tax Act 1990 and Related Expenses Disallowance for Registered Persons under Section 21 of ITO, 2001 on Sales to Unregistered Persons.

Background

Currently, under Section 73(4) of Sales Tax Act, 1990, input tax shall be disallowed resulting from sales to unregistered person. Above mentioned section states that:

A registered manufacture shall make all taxable supplies to a person who has obtained registration under this Act excluding supplies not exceeding a value of one hundred million Rupees in a financial year and ten million Rupees in a month, failing which the supplier shall not be entitled to claim credit adjustment



or deduction of input tax as attributable to such excess supplies to unregistered person.

In proposition under Section 21 of ITO, 2001 via Finance Bill, 2020, this provision has been proposed to be applied to all registered persons to include all the persons irrespective of industry and category of person.

Section 21 of ITO, 2001 also states that expenditures against sales made by industrial undertakings to persons not registered under Sales Tax Act, 1990 shall also be disallowed.

Proposed Modification

Sub section (4) of section 73 of Sales Tax Act 1990 should be omitted and proposed change in Section 21 of ITO 2001 should be omitted as well.

Not-Recommended

7. **Suspension of Section 8B of Sales Tax Act, 1990 in light of economic situation due to COVID-19 for Six Months.**

Background

Section 8B of Sales Tax Act, 1990 states that:

Notwithstanding anything contained in this Act, in relation to a tax period, a registered person shall not be allowed to adjust input tax in excess of ninety per cent of the output tax for that tax period.

Some industries/persons have been exempted from this section including commercial importers, which means they can opt for 100% refund of input tax. Despite paying additional input tax, this restriction pertains. During current COVID-19 situation, revenues of many industries have decreased to a major level, resulting in losses and inventory pile-up. This scenario, as a whole, is having an ultimate adverse effect on liquidity of different businesses.

Proposed Modification

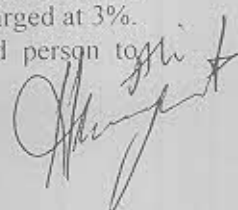
I propose that Section 8B of Sales Tax Act, 1990 should be suspended for every registered person for a period of 6 months starting from 1st July, 2020 to 31st December, 2020, in order to provide relief to industries in current economic situation.

Withdrawn

8. **Application of Further Tax under clause (1A) of Section 3(1) of Sales Tax Act, 1990 for all retail items except those covered in Third Schedule of Sales Tax Act, 1990**

Background

Currently, every person making sales to persons unregistered under Sales Tax Act, 1990 are required to collect 3% further tax in addition to general sales tax i.e. 17%. Initially further tax rate was 1%, currently further tax rate is charged at 3%. The objective behind this restriction was to motivate unregistered person to



register themselves under Sales Tax Act, 1990. However, there is no noticeable increase in the number of registered persons due to such measure.

Proposed Modification

I suggest that further tax should be charged on all retail items excluding the items included in Third Schedule of Sales Tax Act, 1990.

Recommended (The mechanism should be improved)

9. **Custom duties for raw material/essential finished goods/plant and machinery to be charged at 0% for which no local alternate is available.**

Background

Currently, custom duties are being charged on import of raw material/essential finished goods/plant and machinery at different rates. As a result, manufacturers/industrial undertakings have to bear custom duties on imported goods/machinery essential for production purposes. Government of Pakistan via this Finance Bill, 2020 has proposed to charge 0% custom duties on import of various raw material/essential finished goods/plant & machinery, hence providing a relief to manufacturers and industrial undertakings.

Proposed Modification

I propose that canvas of this benefit should be increased by considering that whether import alternative of relevant raw material, essential finished goods or plant and machinery is available in the country.

This proposition suggests that, custom duties of raw material/essential finished goods/plant and machinery whose domestic alternative is available in the country shall be reduced to 0%. Further, custom duties of raw material/essential finished goods/plant and machinery having local alternative available must be charged at double of existing rates.

Recommended

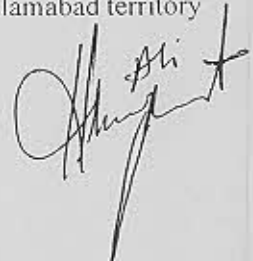
10. **Tax on Luxury Cars**

Background

Due to Covid-19, Pakistan is suffering from historical economic meltdown, despite the fact tax reliefs are need of the hour and same has been proposed through Finance Bill 2020, however, luxuries items can be taxed to increase the tax revenue to reduce budget deficit. Finance Bill 2020 has proposed to tax luxury houses/farms in Islamabad territory.

Proposed Modification

It is proposed to levy tax on luxury cars/vehicles registered in Islamabad territory according to below mentioned rate:



Sr. No.	Cars Specifications	Tax Proposed to be collected annually
1.	Upto 3000cc	Rs.100,000
2.	Above 3000cc but does not exceeds 3500cc	Rs.150,000
3.	Above 3500cc but does not exceeds 4000cc	Rs.200,000
4.	Above 4000cc but does not exceeds 4500cc	Rs.250,000 and so on

Withdrawn

(4). SENATOR SIRAJ-UL-HAQ

1. The Senate of Pakistan recommends that the Federal Government should, through appropriate amendments in the Finance Bill, 2020, turn the economy free of interest.

No decision is taken as the matter is Subjudice

2. The Senate of Pakistan recommends that the Federal Government should increase the salaries and pensions of federal government employees by 15%.

Recommended to the extent of 10% (Clubbed with Proposal No.3 of Senator Kalsoom Parveen)

3. The Senate of Pakistan recommends that the Federal Government should double the budget for education and health sectors.

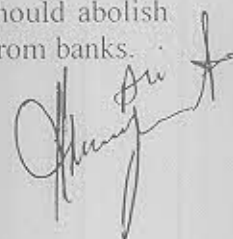
Recommended

4. The Senate of Pakistan recommends that the amendments in sub-sections (2) & (3) of Section 3A of Petroleum Products Surcharge Ordinance 1961, may be withdrawn.

Not-Recommended

5. The Senate of Pakistan recommends that the government should abolish all kinds of withholding tax chargeable on cash transactions from banks.

Recommended



6. The Senate of Pakistan recommends that the 5% withholding tax chargeable on sale of things to an unregistered person by a withholding agent should be abolished due to blockades.

Not-Recommended

7. The Senate of Pakistan recommends that the proposed amendment of Rs.1.75 in the Federal Excise Act, 2005 may be fixed as 50 paisa per KG.

Not-Recommended

8. The Senate of Pakistan recommends that instead of the proposed amendment in clause 3A and 3B of the Income Ordinance, 2001, capital gain tax may completely be done away with on the sale and purchase of a house or a plot.

Recommended

9. The Senate of Pakistan recommends that the amendment regarding the collection of advanced tax by educational institutions may be withdrawn.

Not-Recommended

10. The Senate of Pakistan recommends that the Federal Government, through appropriate amendments in the Finance Bill, may reduce the sales tax on services in ICT from 17% to 5%.

Not-Recommended

11. The Senate of Pakistan recommends that the keeping in view the current situation due to Corona pandemic, the Federal Government should abolish sales tax on all necessary items, so that a true relief may be provided to the masses.

Not-Recommended

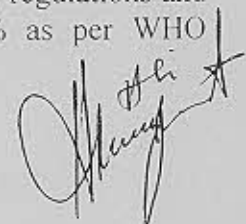
(5). SENATOR SHERRY REHMAN

1. It is recommended that all important debt agreements must be placed before the parliament for scrutiny immediately.

Recommended

2. Budget allocation for ministry of national health services, regulations and coordination must be enhanced to a minimum of 5% as per WHO recommendations. Even Bangladesh is following this.

Recommended



3. 11% cut was imposed on the share of the provinces in violation of National Finance Commission (NFC) Award, it is recommended that it must be revised immediately.

Recommended

4. It is recommended that allocation for ministry of National Food Security and Research be enhanced to a minimum 5% in light of the locust invasion. Eg: Bangladesh spending 5.3% of total budget on agriculture.

Provincial Subject

5. It is recommended that PSDP allocation for ministry of water resources be enhanced by a minimum 10%.

Related to the Standing Committee on Planning, Development and Reforms

6. It is recommended that PSDP allocation for ministry of climate change be enhanced by 20%.

Related to the Standing Committee on Planning, Development and Reforms

7. It is recommended that the allocation for ministry of education must be increased by 20%.

Recommended

8. It is recommended that salaries of government employees must be increased by 10%.

Recommended (Clubbed with Proposal No.3 of Senator Kalsoom Parveen)

9. It is recommended that sanitary products be exempted from tax.

Not-Recommended

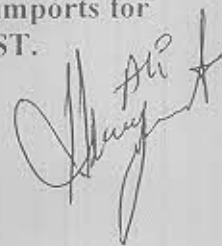
10. Issuance of SRO 1002(I)/2019 has created unsustainable discrimination against the local manufacturers who supply their products to Export Oriented Units (EOUs).

EOUs can procure imported goods without payment of GST whereas if they buy the same products from local manufacturers, it attracts they levy of GST on local goods.

This discrimination treatment is resulting in the destruction of the local manufacturers while encouraging the import of input goods.

PCMA requests level playing field; either impose GST on imports for EOUs or give exemption to local industry from charging GST.

Not Recommended



(6). SENATORS MUHAMMAD USMAN KHAN KAKAR, SARDAR SHAFIQ TAREEN, GUL BASHRA AND ABIDA MUHAMMAD AZIM

Note: Hon'ble Senators boycotted the proceedings of the Committee, therefore, the proposals submitted by them shall stand dropped.

1. Proposed that maximum Sales Tax rebate be given for Dumpers, trucks which use for transportation of chromite and coals in Balochistan;

Dropped

2. Proposed that agri-loans for farmers of Balochistan amounting to Rs.2.70 billion approx. be waived off in light of a Resolution No.289 dated 21 Nov 2016 passed by the Senate of Pakistan and sufficient funds be allocated for current FY year.

Dropped

3. Proposed that tariff slabs of natural gas only in winter season for cold areas of Balochistan be revised/reduced in light of a Resolution No.353 dated 30 Oct 2017 passed by the Senate of Pakistan and sufficient funds be allocated for current FY year.

Dropped

4. Proposed that for the betterment and development of less developed areas of Balochistan, all investors/businessmen be allowed special financial package in import and export, tax-free package, rebate in utility bills, rebate in sales tax, and declared exempt from audit.

Dropped

5. Proposed that special funds for the people of Balochistan be allocated for current FY under the head PM Youth Skill Development Initiative Program.

Dropped

6. Proposed that minimum 10% increase be made in the basic pay of federal government employees (BPS 1 to 22).

Dropped

7. Proposed that sufficient funds be allocated for the Medical scholarships for the students of Balochistan and ex-FATA for at least two years, as PMDC also issued circular in this regard on 31st December 2019;

Dropped



8. Proposed that sufficient funds be allocated for the MS Leading to P.hd scholarships prog at international level for the students of Balochistan and ex-FATA.

Dropped

9. Proposed that the financial issues of teachers of NCHD and BECS be solved and their salaries, outstanding payments be cleared and their matters pending in Finance & AGPR be resolved. Further, their cases of promotion & regularization pending in Finance be resolved; Sufficient increase in the salaries of NCH & BECS teachers be made.

Dropped

(7). **SENATOR MIRZA MUHAMMAD AFRIDI**

1. International Parliamentarian's Congress (IPC) is a transcontinental platform of individual members of national Parliaments across the globe united in purpose to jointly resolve global and regional issues that invariably impact the whole humanity. IPC constituted through a Resolution adopted by the Senate of Pakistan on 29th August, 2019, as international organization such as IPU and APA etc. The tax exemption to this institution has been made part of the Finance Bill, 2020.

Therefore, it is recommended that amendments in 5th Schedule of Customs Act and 6th Schedule of Sales Tax Act may be made for import of goods including vehicles and other equipment for sole use of the IPC to propagate its objectives subject to the certification of by the Chair that such items are bona-fide requirement of the IPC and shall not be disposed of without permission of the FBR and without payment of duty and taxes as may be ascertained by the Board.

Recommended

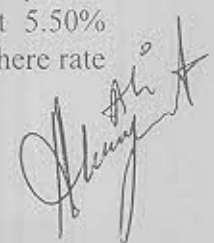
(8). **SENATOR MUHAMMAD TALHA MAHMOOD**

Income Tax

1. Reduction in tax rate at import stage introduced in this finance bill\

Part I Raw materials (5 export oriented sector)	1%
Part II Raw materials	2%
Part III Finished products	5.50%

Certain raw materials of various industrial segments are still at highest level of tax at import stage. This anomaly based on HS codes at customs. A few basic raw materials of electric accumulator industry not manufactured are mentioned hereunder which are still subject 5.50% advance tax at import stage. It must be included in Part II items where rate is proposed to be 2%.



SR .No	HS CODE	ITEM
1	3920.1000	PE ROLL
2	4501.1000	CORK POWDER
3	4811.6090	ELECTROLYTIC PAPERBOARD
4	7019.3100	FIBER GLASS MAT ROLL
5	7019.3200	GLASS FIBER SHEETS
6	3506.9190	Hot Melt
7	3506.9190	Epoxy Resin
8	3506.9190	Terminal Adhesive
9	8507.9000	Battery Componenets
10	8507.9000	Filter Disc
11	8507.9000	Magic Eye
12	8507.9000	Gauntlets & Bottom Bars
13	8507.9000	AGM Seperator
14	5910.0000	Pasting Belts
15	8421.3940	Filters

Recommended

2. Expenditure on utility bills shall be disallowed from 1st January 2021, if actual user name is not appearing on bills as mentioned in budget speech.

Industries on rented premises may not be able to have utilities in their own name. It shall be punitive to them and FBR must consider its withdrawal.

Recommended

3. Normal tax depreciation is proposed to be slashed by 50% in the year of acquiring assets. It shall discourage large Capex business.

FBR must consider withdrawal of reduction of first year depreciation allowance as it shall discourage investments in businesses where initial capital assets investments are huge.

Recommended

4. Amendment in assessment under section 122 (5) shall now be made on the basis of audit even definitive information exists or not, earlier, it was based on definitive information during audit.

This provision may be arbitrarily used by authorities in absence of frame work. Therefore, it must be withdrawn as it gives discretions at the end of assessing officers.

Recommended

(Audit should be carried under Section 122 of Income Tax Ordinance only on definite information and necessary amendments be made in ITO)

5. It is proposed that filing of appeal before tribunal shall be with payment of 10% tax assessed by commissioner appeals. Currently, tribunal decides whether 10% deposit of tax upheld should be taken or not.

Tribunal on merit of case may decide deposit of 10% of assessment upheld by commissioner. However, to implement it religiously, commissioner must convey in order upheld amount of tax, so that deposit may be made accordingly.

Recommended

6. Changes have been made in tax laws on gains on immoveable properties as follows:

Within 1 year	100%
1-2 years	75%
2-3 years	50%
3-4 years	25%
Beyond 4 years	0%

Tax rates shall be as under:

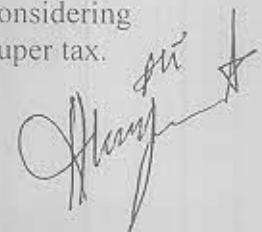
Gain with in Rs.5 Million	2.5%
Gain Rs.5 to 10 Million	5.0%
Gain Rs.10 to 15 Million	7.50%
Above Rs.15 Million	15%

To attract investments in construction sector, holding period of immoveable properties must be brought to 3 years and taxability of gains should also be reviewed downwards.

Withdrawn

7. Bill proposed super tax for banking companies for FY 2021. Considering current situation of COVID 19, banks should be given relief of super tax.

Withdrawn



Sales Tax

8. A new subsection 5 is proposed to be added in Section 7 wherein Board may impose restrictions on wastage of materials for which taxpayer may claim input tax.

It shall be punitive in case of industries where wastages may vary based on quality of raw materials and processing by specific industry. This provision must be withdrawn to boost confidence of businesses on revenue authorities.

Recommended

Customs Duty

9. Where any passenger or member of the crew attempts to bring into or take out of Pakistan, currency, gold, precious metals or stone in any form through concealment in baggage shall be guilty of an offence of smuggling within the meaning of clause (s) of section 2.

Prior to implementing this section a campaign need to be made for information of travellers otherwise said changes would attract litigation and imprisonment & hefty penalties on passengers.

Recommended (The awareness campaign be made for the information of the passengers)

Proposals on streamlining of recycling industry

10. Recycling industry (Copper, aluminum, plastic and electric accumulators) and as a whole generates its basic raw materials from end consumers. Being unorganized sector at very basic level, its trading is done from consumer to small traders to collectors and finally to smelting industry Till smelting, business is carried out in cash transactions where no withholding of income tax is made and no sales tax is charged on its trade.

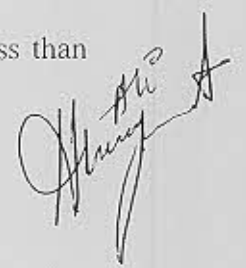
Recommended (Recycling Industry of small level be exempted from sales tax)

11. Currently 4.50% withholding tax and 5% GST withholding (non-adjustable) are applicable on trade of recyclable materials. Total impact of said transaction cost for documentation is 9.50% on value of recyclable materials.

Not-Pressed, in view of recommendation made at Sr. No.10

12. Recycling trade is a marginal business where profits are much less than 1% of value.

Withdrawn



13. To streamline the trade and enhancing legitimate revenues of GoP, Following proposals are hereby submitted:
- a. Rate of sales tax on recyclable materials to be reduced to 5%.
 - b. On purchases of raw materials, rate of 5% GST withholding to be made adjustable for industry in VAT mode and 4.50% tax withholding to be reduced to applicable turnover tax to encourage documentation of trade.
 - c. Rate of sales tax on finished products made from recyclable materials to remain at 17%, it shall allow GoP to collect entire amount of sales tax on complete supply chain at documented industry level.

Not-Pressed, in view of recommendation made at Sr. No.10

Luxury Tax in Federal Capital Islamabad

14. Luxury tax is proposed in Federal Capital for houses over two kanals and farm houses at specified rates. Residents of owned houses pay property taxes based on their houses. It is very punitive for residents. It is discriminatory for residents of Islamabad and must be withdrawn.

Withdrawn (No law has been cited in which amendment has been made)

Charitable Donations

15. It is proposed that charitable donations limits proposed to be reduced to 15% for individuals and 10% for companies in Finance Bill, 2020, should be withdrawn.

Reommended

Construction Sector

16. A package was announced by the Federal Government for construction industry considering Covid-19, scenario to boost investment and employment in the country. In the said package, the following is proposed:-

- a. Acquisition of plots, approvals of maps, and initial mobilization cannot completed till 31st December, 2020, it has to be revised to 20th June, 2021 considering COVID spread in the country and delays in all process.
- b. Builders and developers both must be given completion dates till 31st December, 2023, as construction projects of reasonable size needs minimum 3 years to complete from start of construction activity. Pace of project construction entirely depends upon installments flow.



- c. Builders and developers must be allowed to transfer ownership of land under this package by 30th June, 2021 (individuals or member of company or partner in AOP).
- d. Immunity under section 111 of the Income Tax to be extended till 30th June, 2021 for developers and builders and purchasers.
- e. Time Limit shall not be imposed on purchasers to complete construction by 30th September, 2022 as his contributions of installments by him are directly helping developers to claim benefits of this package. Economic contributions from purchasers start from payment of 1st installment.
- f. Approvals from NESPAK on completion of construction projects, percentage of development, road laid and grid must be withdrawn as local authorities exist in all cities which require completion under applicable laws.
- g. Certification from a chartered firm on 50% booking of plots and 40% receipt of installments must also be withdrawn as failed investments shall cost business losses to individuals, AOP and companies accordingly.

Reommended (Dissented by Senator Mohsin Aziz)

(9). SENATOR IMAM-UD-DIN SHOUQEEN

1. Following changes have been proposed in the Finance Bill, 2020, which are likely to be a hindrance in dispensation of justice.
 - a) Appeal Fee for filing of appeal before the commissioner being increased:

In the case of individual/AOPs :	From Rs.1,000 to Rs.2,500
In the case of Company :	From Rs.1,000 to Rs.5,000
 - b) Appeal Fee for filing of appeal before the Appellate Tribunal Inland Revenue are also being increased:

In the case of individual/AOPs :	From Rs.2,000 to Rs.2,500
In the case of Company :	From Rs.5,000 to Rs.5,000

Not-Recommended

2. It has been proposed that for filing the appeal before the Appellate Tribunal Inland Revenue, the taxpayer will have to deposit 10% of the demand upheld by the Commissioner Inland Revenue (Appeals), before filing of the Appeal. This will give rise to below mentioned complications, therefore, it is recommended that the above proposal should not be enacted:-



- (a) Denial of the justice to the taxpayers as it would act as impediment in filing appeal before the Appellate Tribunal Inland Revenue.
- (b) Tax Department will raise huge tax demands in the hope that atleast 10% of the demand upheld by the Commissioner (Appeals) will be recovered before filing of appeal before the Appellate Tribunal Inland Revenue.
- (c) The probability of filing the second appeal Appellate Tribunal Inland Revenue is generally very high as usually the Commissioner Inland Revenue (Appeals) are reluctant to grant relief at their stage.
- (d) No arrangements and time have been provided for refund of such mandatory deposits in case the Appellate Tribunal would annul or reduce the tax demand. It will put the taxpayers/appellants in disadvantage by putting them at the mercy of the department, where the amount becomes so refundable.
- (e) This may increase both incidence and rates of corruption, compelling the taxpayers/appellants to settle the issue at assessment stage or first appeal level, to avoid 10% payment for filing of second appeal.

Recommended

(10). **SENATOR ABDUL REHMAN MALIK**

RELIEF FOR SALARIED CLASS/DAILY WAGES WORKERS

1. The salaries of the government servants should be increased by 20 percent.

Recommended to the extent of 10% increase (Clubbed with the Proposal No.3 of Senator Kalsoom Parveen)

2. Government must announce a special package for the private/daily wages employees for enhancement of their salaries by their employers.

Not-Recommended

3. Government should allocate special funds for self-employment business opportunities enabling those who have lost their jobs due to COVID-19, to get start their own small business.

Not-Recommended

HEALTH/MEDICAL

4. Government must allocate atleast Rs.100 billion for construction of temporary hospitals for treatment of COVID-19 patients and for purchase

of medical equipment, protective kits (PPEs) for doctors, paramedical staff, army rangers, police and other law enforcement agencies who are giving duty on the front line during COVID-19.

Provincial Subject

5. The salaries of the medical and para-medical staff should be enhanced up to 75 percent.

Recommended (Salaries should be reasonably increased up to the extent of ICT)

AGRICULTURE/LIVESTOCK

6. Government has allocated only Rs.50 billion under Corona Stimulus Package for fertilizer subsidy, loan remissions and other relief to the farmers, which may be enhanced to Rs.100 billion.

Not-Recommended

7. A Special Tax Relief Package should be given for agriculture i.e. wheat crops and livestock, dairy farming etc. to provide relieve to small famers.

Provincial Subject

SMALL WATER RESERVOIRS

8. Government should allocate more funds for management of rain water reservoirs.

Recommended

9. Special funds should also be allocated for construction of new small/mini dams.

Recommended

EDUCATION/INFORMATION TECHNOLOGY

10. Government should enhance the budgetary allocation for online education development programme through I.T/Internet access, especially in remote areas.

Recommended

11. The budgetary allocation of Higher Education Commission (HEC) should be enhanced to Rs.100 billion.

Recommended

AVIATION

12. Government should allocate funds for improvement in the Aviation Sector and to upgrade Airports all over the country.

Recommended

(11). SENATOR MOHSIN AZIZ

1. The Senate of Pakistan may recommend to the National Assembly to grant tax relief for the manufacture and supply of PPE by making following amendments in the Sixth Schedule to the Sales Tax Act, 1990, as the imported raw material required for the manufacture of PPE may have other uses, so exemption may be available only to industrial units having in house manufacturing facility and according to determined quota:-

a) In table I of the Sixth Schedule:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
155	Raw material for manufacture of PPE, namely:- (i) Non-woven fabric for COVID-19, Breathable Thermobond Laminated Fabric (ii) Polyethylene (iii) Polypropylene (iv) Polypropylene Copolymer Subject to the conditions that the importer is an industrial undertaking having in house manufacturing facility for manufacture of PPE and has obtained quota for imports.	5603.9200 3901.1000 3901.2000 3902.1000 3902.3000

b) In table II of the Sixth Schedule:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)



25	Constituents of PPE, namely.- (i) Surgical masks. (ii) Respirators (N95 or FFP2 standard, or equivalent) (iii) Disposable Coverall suits. (iv) Disposable apron. (v) Disposable isolation gown. (vi) Disposable cap. (vii) Reinforced surgical gown. (viii) Disposable shoe cover. (ix) Disposable fitted bed sheets. (x) Sharklet-film.	Respective Headings.
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Recommended

2. Presently Pakistan Custom Tariff (PTC) on Wood based other fiberboard under 4411.9200, 4411.9310, 4411.9390 and 4411.9400 is 16% Custom Duty (CD) + 4% additional Custom Duty (ACD). While on (4411.1200, 4411.1300 & 4411.1400) wood based fiberboard it is 11% CD and 2% ACD.

It is proposed that a uniform Custom Duty Tariff at 11% should be proposed on all wood based fiberboards.

Not-Recommended

3. Current Custom Duty on PVC resins is 11% + 2% extra duty, beside payment of Anti-Dumping Duties of varying rates for import from China, Korea, and Thailand & Chinese Taipei.

To reduce the present CD from 11 % to 3% as is levied on other plastics.

To abolish 2% extra duty on its import.

To Abolish Anti-Dumping duties of varying rates for import of PVC Resin from China, Korea, Thailand & Chinese Taipei.

Recommended

(up to the extent of reduction of Custom Duty to 5% from 11%)

4. **Section 60 A of Income Tax Ordinance, 2001:**

Worker's Welfare Fund.- A person shall be entitled to a deductible allowance for the amount of any Workers' Welfare Fund paid by the person in tax year under Workers' Welfare Fund Ordinance, 1971 (XXXVI of 1971).

In section 60A, after the figures "(XXXVI of 1971)", the words "or under any Provincial Law relating to Levy and collection of Worker's Welfare Fund" may be added.

Referred to the Inter Provincial Coordination Division



5. **Section 60 B of Income Tax Ordinance, 2001:**

Workers' Participation Fund.— A person shall be entitled to a deductible allowance for the amount of any Workers' Participation Fund paid by the person in a tax year in accordance with the provisions of the Companies Profit (Workers' Participation) Act, 1968 (XII of 1968).]

In section 60 B, after the figure "(XII of 1968)", the words "or under any Provincial Law relating to Levy and collection of Worker's Participation Fund" may be added.

Referred to the Inter Provincial Coordination Division

6. **Proposal for Amendment in Division-III of Part-III of The First Schedule of the Income Tax Ordinance, 2001.**

- (a) In the case of sale of goods under section 153(1)(a):-
 - i. In the case of company, 4% of the gross amount;
 - ii. In any other case, 4.5% of the gross amount.
- (b) In the case of services under section 153(1)(b):-
 - i. In the case of company, 8% of the gross amount;
 - ii. In any other case, 10% of the gross amount.
- (c) In the case of contract execution under section 153(1)(c):-
 - i. In the case of company, 7% of the gross amount;
 - ii. In any other case, 7.5% of the gross amount

Not-Recommended

7. **Enhancement of the FED rate on Natural Gas (PCT) Heading 2711.2000).**

It is proposed that the FED rate on the natural gas (PCT heading 2711.2000) be enhanced from Rs.10/- per MMBTU to Rs.20/- per MMBTU in view of the increase in the prices of Natural Gas since 2010.

Not-Recommended

8. **For levy of FED on crude petroleum oils (Tariff Heading 2709.0000)**

It is proposed that FED at 5% ad valorem be levied on Crude Petroleum Oils (PCT heading 2709.0000) and, with a view to avoid any possible effect on the retail price of POL products, this FED may be collected in sales tax mode by adding Crude Petroleum Oils (PCT Hdg 2709.0000) in the Table of the Second Schedule to the Federal Excise Act, 2005.

Not-Recommended



9. **Amendment in the Note Appended to the Table-II of the First Schedule to the Federal Excise Act, 2005.**

It is proposed that S. Nos 14 and 15 may also be added in the Note appended to the Table-II of the First Schedule to Federal Excise Act, 2005. It is pertinent that services under the said S. Nos. 14 and 15 are neither terminal taxes nor the taxes on the fare and freights of passengers and freights carried by sea, rail or air.

Not-Recommended

10. **S.No. 2 in Table-II of the Third Schedule of Federal Excise Act, 2005**

(a) The FED exemption under S. No. 2(ii)(a) may be made conditional:-

- i. To the extent of software development services exported by PSEB registered persons; and
- ii. And contingent upon such PSEB-registered persons being registered under the FED Act, 2005 and the respective Provincial Sales tax laws, as the case may be.

(b) The FED exemption under S. No. 2(ii)(b) may be withdrawn.

Not-Recommended

11. **S.No. 2 in Table-II of the Third Schedule of Federal Excise Act, 2005:**

The FED exemption under S. No. 2(iii) may be withdrawn with a view to bring uniformity and harmony of Federal Law with Provincial laws.

Not-Recommended

12. **Sales Tax Act, 1990:
In Section 2:**

- i. Clause (d) shall be omitted.
- ii. For the existing Proviso following shall be substituted namely:-

Provided that the business trade, activity and service of wholesale, dealership, distribution and retail of goods shall not constitute a supply:

Provided further that the Board with the approval of the Federal Minister-in-Charge, may by notification in the official Gazette, specify such other transactions which shall not constitute a supply;

Withdrawn



13. **Sales Tax Act, 1990:**

In Section 2:

In clause (35), in sub-clause (b), the commas and words “, the rendering or providing of services, or both” shall be omitted;

Withdrawn

14. **Sales Tax Act, 1990:**

In Section 2:

In clause(41), the words, brackets and comma “wholesaler (including dealer), distributor or retailer” shall be omitted

Withdrawn

15. **Sales Tax Act, 1990: In Section 2:** Section (43A) shall be omitted.

Withdrawn

16. **Sales Tax Act, 1990:**

In Section 2, in Clause 44:

- i. In the sub-clause (a), after the semi colon at the end, the word “and” shall be added;
- ii. In the sub-clause (b), for the semi colon and the word “; and”, a colon shall be substituted;
- iii. Sub-clause (c) shall be omitted; and
- iv. In the Proviso, for the brackets, word and alphabets “(b) or (c)”, the word, brackets and alphabet “or (b)” shall be substituted.

Withdrawn

17. **Sales Tax Act, 1990: In section 2:** Clause 47 shall be omitted.

Withdrawn

18. **Sales Tax Act, 1990:**

In Section 3: In sub-section (1), in clause (a) after the words “carried on by him”, the words and commas “except the activities and services of wholesale, dealership, distribution and retail of goods” shall be added;

Withdrawn



19. **Sales Tax Act, 1990: In section 3**, in Sub-section (2), clause (a) shall be omitted.

Withdrawn

20. **Sales Tax Act, 1990: In Section 3**, Sub section (8) shall be omitted.

Withdrawn

21. **Sales Tax Act, 1990: In section 3**, sub-section 9A shall be omitted.

Withdrawn

22. **Sales Tax Act, 1990: Section 7A** shall be omitted.

Withdrawn

23. **Sales Tax Act, 1990: The Third Schedule** shall be omitted.

Withdrawn

24. **Sales Tax Act, 1990:**

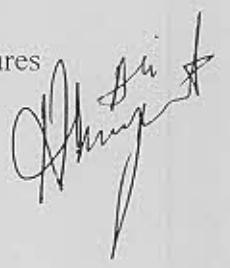
Eight Schedule, in table-I, against S. No. 66 in column (1), the entries relating thereto in columns (2), (3), (4) and (5) shall be omitted.

Withdrawn

25. **Amendments in Table-I of the Eight schedule to the Sales Tax Act, 1990:**

- a. Against S. No. 64 in Table-I of the Eighth Schedule to the Sales Tax Act, 1990, the words "restaurants" and "caterers", as in column (2) of the said table-I be omitted;
- b. The heading 9801.2000 and its description "Services provides or rendered by restaurants" be restored in Chapter 98 of the first Schedule to the Customs Act, 1969; and
- c. In the Islamabad Capital Territory (Tax on Services) Ordinance, 2011 (Ordinance No. XLII of 2001), in the Schedule, against S. No. 1. In column(1):
 - i. In column (2), after the word "guest houses", a comma and word ", restaurant" may be inserted; and
 - ii. In column (3), after the figures "9801.1000", the figures "9801.2000" may be inserted.

Withdrawn



(12). SENATOR DR. GHAS MUHAMMAD KHAN NIAZI

1. The Govt announced a budget of 7.1 Trillion Rupees on 12 June 2020. About 60% of the proposed budget will be consumed on paying interest on loans (41.2%) and on defence spending (18%), leaving very little for other expenditures. Another 13.3% of the proposed budget will be consumed in running the civil government and paying pensions.

Suggestion: Debt servicing should be reconsidered and allowances should be made to reduce the 41% to somewhere between 39 %.

Withdrawn

2. FBR revenue is set at Rs4.963 trillion tax collection target, which is 27% higher than the estimated collection in the outgoing fiscal year. This is unrealistic and will not be able to meet in economic slowdown situation prevailing.

Suggestion: A realistic target should be kept that's achievable. Instead of setting the targeted 27% increase, 10-15 % achievable goal should be set. Secondly there has been no elaboration in the budget as to how an additional 1 trillion will be collected when on one hand 1.5 trillion worth of tax exemptions have been allowed.

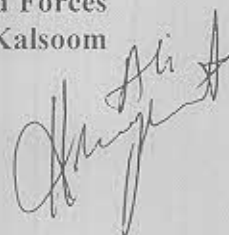
Recommended

Senators Mohsin Aziz, Zeeshan Khanzada, Mian Muhammad Atique Shaikh were of the view that tax target set by FBR is realistic and can be achieved. Senator Muhammad Talha Mahmood supported the view of three Senators, however, said that it is not achievable in view of amendments made in Tax Laws and consequently Finance Bill, 2020 should be reconsidered by the Government.

3. The government has proposed Rs1.29 trillion for defence spending, which is equal to 18% of the budget. However, no pay raises have been given to personnel of armed forces. It is to be kept in mind the role military is playing in every calamity of this country. This can have a very demoralizing effect who stand in the line of duty.

Suggestion: A minimum of 15% pays should be increased especially for armed forces and all government officials, because they are the ones who always pay taxes, their commitment and dedication towards national cause. It is worth noting, no Internal Security allowances are being paid to army officials and other government officials on the COVID-19 duties and Locust Control duties. Similarly, due to lack of funds with the govt, TA/DA and other outstanding bills are adversely affected.

Recommended to the extent of 10% increase in salaries of the Armed Forces and Government officials (Clubbed with Proposal No.3 of Senator Kalsoom Parveen)



4. Government doled out a record Rs1.15 trillion in tax exemptions to the affluent people and under international commitments in this budget. There are more than 200 tax exemptions or reductions in Schedule II of the Income Tax Ordinance. They benefit the rich and the strain has been continued on the poor.

Suggestion: The tax exemptions should be balanced out with regards to the industrialists. It should be balanced for the working class and the middle class as well. The tax revenue exempted on the rich industrialists should be reduced and an additional 200 Billion should be availed from imposing taxes on the affluent.

Withdrawn

5. The allocations for health and food security are insufficient. The allocation to health doubled to Rs25bn, but it translates to barely Rs125 per head in a country where the health infrastructure is too scant. The pandemic emergency fund of Rs70bn is also miniscule keeping in view the deepening crisis. the new budget has allocated a meagre Rs83 billion for education although it is an increase but does not address the losses and especially the COVID-19 scenario.

Suggestion: Health Budget should be revised and increased to 100 billion and similarly education budget should be increased to 90 billion with the view of establishing new smart education systems in the wake of pandemic.

Withdrawn

6. An overall allocation of Rs1.32 trillion has been made for development projects under the PSDP for FY21, which accounts for 2.9% of the gross domestic product (GDP) compared to Rs1.61 trillion for outgoing year 2019-20.

Suggestion: PSDP should not be slashed in the least. It is the area which will be able to generate economic activity creating jobs and further revenue collection.

Withdrawn

7. The minimum wages have neither been mentioned nor been increased that will affect the poorest segment of society. 17,500 Rs minimum wage in the inflationary trend seems insufficient for the downtrodden to survive who will face a stagnated economy in the coming months.

Suggestion: The minimum wage should be set at Rs. 20,000 and allocations should be made accordingly.

Withdrawn



8. Govt. did not announce any major benefit or taxes for textile sector and zero rating has not been restored despite massive demand. 17 percent sales tax should be reduced to a moderate level to revive the industry. There has been no relief as such.

Suggestion: Textile is a major export sector which needs incentives to revive therefore it is suggested the sales tax be reduced to 12%.

Recommended to the extent of 4% reduction in sales tax

9. There are no incentives given to automobile industry for its revival. Barring tractors, April proved to be one of the worst months for the entire auto sector as car production and sales were reduced to zero. Unnecessary and avoidable taxes such as additional customs duty (ACD), additional sales tax (AST), federal excise duty (FED) of 2.5-7.5 per cent depending on engine power and turnover tax could be removed to boost this production industry. government's intervention is inevitable to revive the auto industry at this critical juncture when sales have come down by over 50-80pc in various segments during the 11 months of the current fiscal year leading to low revenue collection.

Suggestion: FED should be reduced to 2 % flat and ACD, AST should be waived off in the wake of automobile slump. Also, the import duties on imported parts should be reduced to keep the cost of automobiles low.

Not-Recommended

10. The allocation for the Ehsaas programme should enhanced for the poorest segments of society. It was scaled up moderately from Rs187bn last year to Rs 208bn. No direct relief is being offered to the middle-class working families that primarily drive local demand. About Rs10bn allocated to ensure food security is a joke in view of the looming challenge.

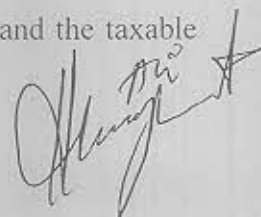
Suggestion: When no relief in pays is in view and the foreseen economic activity is stagnant, the only relief the poorest segments is the stipend of ehsaas program. The current amount is insufficient and must be increased to at least 500 billion. Moreover, the mechanism of transferring the said stipend should be made efficient with a thorough filtering of deserving families. It is reported that 70% of the people registered in the Ehsaas Program have been unable to receive the money.

Withdrawn

11. The middle class could have been incentivized by revising down income tax rates or revising up the benchmark for taxable income. For the purpose of this analysis, urban households with income in the bracket of Rs50,000-200,000 fall in this category. But no relief to middle class has been given of this sort.

Suggestion: Taxes on household items should be revised and the taxable bracket should be raised to that of previous government.

Withdrawn



12. State owned enterprises incur the loss of approximately 1000 billion on national exchequer in forms of subsidy and losses.

Suggestion: The government should expedite the process of privatization to prevent the drainages on the national exchequer and turn SOE into profit earning organizations.

Recommended (The Government should expedite the process of loss making projects in a transparent manner)

13. Advance tax should be abolished on cars/vehicles up to 700 CC.

Recommended

14. State Bank of Pakistan has given relief to Ehsas Youth Loan Program should also be given to PM Youth Loan Program which were in PM Nawaz Sharif scheme.

Recommended

(13). SENATOR SEEMI EZDI

1. Government should raise the amount of funds allotted for locust control in 2020-21, from Rs.4 billion to Rs.8 billion keeping view of the losses suffered by our small farmers in locusts' affected areas.

Recommended

2. The Government has allocated only Rs.50 billion under Corona Stimulus Package for fertilizer subsidy, loan remission and other relief to the farmers, keeping in view of the covid-19 situation and food insecurity on account of locusts' attacks, this allocation is insufficient, hence it must be raised at least 50 percent.

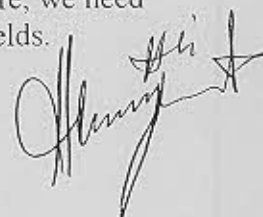
Recommended

3. The central bank cut its policy rate by 75 basis points to 12.50 percent. But it did not offer any special incentive package for food and agriculture although it did for health and medical centers to combat the spread of coronavirus. Therefore, the central bank should offer special package for small farmers and food industry as well.

Not-Recommended

4. Budgetary allocation in the Information and Telecommunication (IT) sector should be enhanced. As the world under Covid-19 crisis, is moving towards E-education, E-Commerce and E-governance. Therefore, we need more funds for installing necessary Infrastructure in all these fields.

Withdrawn



5. In view of extreme water shortage in Islamabad especially in sector F-10, funds should be allocated for restoration of damaged tube wells and transformers which provide electricity to them.

Withdrawn

6. HEC should be granted more funds for assisting online university education all over the country.

Recommended

7. Ministry for Planning and Development should be allocated a special IT fund for installing latest IT system in Parliament House for conducting virtual sessions in future keeping in view of the pandemic scenario.

Withdrawn

8. Salaries of staff from Grade 1-16 should be increased at least by 10 percent, keeping in view of the Covid-crisis and increasing inflation.

Recommended (Clubbed with Proposal No.3 of Senator Kalsoom Parveen)

9. Keeping in view of the global business shrinkage and the challenges faced by the local textile Industry on account of Lock downs, the government should restore the zero-rating facility or slash general sales tax from 17% to 4% for textiles export sector.

Recommended

(14). SENATOR NAUMAN WAZIR KHATTAK

10. In the Finance Bill the proposed Termination of Income Tax Exemption Certificate should be withdrawn.

Not-Recommended

11. In the Finance Bill, the proposed penalization on the sale by registered Person(s) to un-registered persons be withdrawn.

Not-Recommended

12. In the Finance Bill the proposed removal of requirement of definite information during audit should be withdrawn.

Not-Recommended

13. In the Finance Bill the proposed exemption in Custom Duty and regulatory duty on steel billets as announced in the budget 2020 for wire rod manufacturers (PCT Codes 7207.1110, 7207.1190, 7207.1210, 7207.1290, 7207.1990, 7207.2010, 7207.2020 and 7207.2090, should be withdrawn.

Not-Recommended

(15). **SENATOR FAROOQ HAMID NAEK, CHAIRMAN SSC ON FINANCE**

1. The threshold for recording CNIC of customers by the fertilizer dealers may be enhanced up to Rs.500,000/-.

Recommended

2. The sales tax imposed on sale of cotton seed oil cake should be withdrawn with effect from 1st July, 2020, through the coming Finance Bill, 2020.

Recommended

3. It is proposed that the locally ginned cotton from levy of sales tax should be exempted as no loss of revenue is likely to accrue the government exchequer and will relieve the ginning industry from unnecessary hassles.

Recommended

4. It is proposed that after necessary deliberations, amendments may be made in the relevant laws i.e. income tax, sales tax, federal excise and custom duties to give 10 years' tax exemption for Gawadar District with consideration that industry established there should be:-

- i. Capital Intensive;
- ii. Labour Intensive; and
- iii. Having Value Addition above 15%;

Recommended

5. It is proposed that exemptions may be given in the Sales Tax and Custom Duties on the import of all intermediary raw materials of PPEs, Spray Gun and Face Masks based on the cascading principle in the Budget 2021.

Recommended

6. It is proposed that exemptions may be given in the Sales Tax and Custom Duties on the import of all intermediary raw materials of PPEs, Spray Gun and Face Masks based on the cascading principle in the Budget 2021.

Recommended

7. The Senate recommends to the National Assembly that the employees of the Senate Secretariat should be granted six (06) Honourariums as a reward for their hard work during the Budget Session 2020-21, specially during the health emergency and spread of Corona Pandemic.

Recommended



SENATE SECRETARIAT

Subject: - REPORT OF THE STANDING COMMITTEE ON PLANNING, DEVELOPMENT AND SPECIAL INITIATIVES ON THE PSDP 2020-21.

1. The Budget for the year 2020-21 was presented in the National Assembly on 12th June, 2020, by Mr. Muhammad Hammad Azhar, Minister for Industries and Production. On the same day a copy of the Finance Bill, containing the Annual Budget Statement was laid in the Senate. On the Motion moved by the Minister, the Senate was asked to make recommendations, under Article 73 of the Constitution, to the National Assembly in respect of the said Bill, containing the Annual Budget Statement.

2. The Senate Secretariat invited proposals from the Members pertaining to PSDP so as to reach by Monday, the 15th June, 2020. The proposals received were referred to the Standing Committee on Planning, Development and Special Initiatives, for consideration and report. The Committee held its meetings on 16th and 17th June, 2020. The following attended the meetings:-

1. Senator Agha Shahzaib Durrani	Chairman
2. Senator Gianchand	Member
3. Senator Hidayat Ullah	Member
4. Senator Mir Kabeer Ahmed Muhammad Shahi	Member
5. Senator Muhammad Usman Khan Kakar	Member


3. In its meeting held on 16th June, 2020, the Committee was briefed on Public Sector Development Programme (PSDP) 2020-21 by the Secretary, Ministry of Planning, Development and Special Initiatives. The Committee expressed its displeasure over continuous non-inclusion of any of its recommendations in the Finance Bill over the years. The Committee called for a meeting with the Minister for Planning, Development and Special Initiatives on 17th June, 2020 to deliberate upon the matter in detail.

4. In the meeting held on 17th June, 2020, the Committee explained its reservations to the Minister of Planning, Development and Special Initiatives, Mr. Asad Umar. The Members emphasized on the fact that over the period of five years not a single recommendation has ever been entertained and formally made part of PSDP. The Committee held that it deems continuous overlooking of its recommendations an insult to the House of Federation. The Members maintained that such an exercise of preparing and presenting recommendations is futile if not given due importance and demanded that the Minister may assure the Committee that some of the recommendations will be entertained in the PSDP for the year 2020-21.

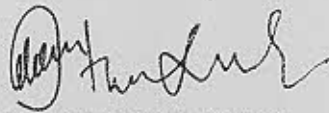


5. The Federal Minister for Planning, Reforms and Special Initiatives Mr. Asad Umar briefed the Committee in response to queries put forward by the Committee. The Minister briefed that there are constitutional, legal and procedural hindrances that result in futility of this practice of presenting recommendations of the Senate for the Finance Bill. The Minister also mentioned that after the passage of Public Finance Management Act, 2019, only technically approved projects will be included in the PSDP. He advised that the Committee Members may suggest or advice for inclusion of any technically approved project but unapproved projects will not be entertained. He also cited the vital role of provincial governments and departments in approving various projects (as provinces being the executing agency) and explained that without seeking approval of the relevant province/ministry/department, it is highly unlikely that a project could be made part of the PSDP. Members maintained that provinces create hindrances in technical approvals of the projects, thus, making it impossible for these projects to get the approval and be considered for inclusion in the PSDP.
6. The Minister advised that a constitutional amendment seeking expanded role of the Senate in money bills could help overcome this problem. He further suggested that Senate should submit its proposals not later than the end of February every year that would enhance probability of them being included in the final PSDP. The Minister concluded with the remarks that without these basic structural modifications, the exercise of Senate forwarding recommendations seeking adjustments in the PSDP would not yield any promising result.
7. The Committee, while appreciating the Minister's efforts for highlighting the key issues, expressed sheer disappointment over the procedural difficulties that leaves the efforts of Senators go in vain. The Members mentioned that they study, conduct research and hold week long meetings that result in waste of resources, time and efforts of the Senators, bureaucrats and the nation.
8. Consequently, in the light of the proceedings of the meeting, the Committee unanimously adopted following resolution:

"The Senate Standing Committee on Planning, Development and Special Initiatives calls for appropriate constitutional and legislative reforms to the effect where the recommendations of the Senate on Money Bill are given reasonable weightage; considers holding such meetings mere an exercise with no utility; withdraws all the recommendations submitted for consideration; refuses to continue proceedings of the meetings of the Committee any further; and registers protest against discriminatory behavior against the House of Federation in procedural practices."



9. Therefore, for the reasons recorded above, the Committee in principle refuses to submit its recommendations pertaining to PSDP 2020-21 in its report and forwards the same to the Senate Standing Committee on Finance, Revenue and Economic Affairs to be part of the final report to be presented before the House.



(ADNAN IBNE ASAD)
Secretary Committee



(SENATOR AGHA SHAHZAIB DURRANI)
Chairman Committee

SENATE SECRETARIAT

RECOMMENDATIONS OF THE SENATE OF PAKISTAN ON THE FINANCE BILL, 2020 BUDGET PROPOSAL 2020-21

PROPOSED AMENDMENTS IN THE FINANCE BILL 2020

PETROLEUM PRODUCTS LEVY ORDINANCE, 1961 (XXX OF 1961)

1. that in Clause 2, for the word, "Surcharge", wherever occurring, the word, "Levy" shall be substituted.

THE CUSTOMS ACT, 1969 (IV OF 1969)

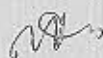
2. that in Clause 3, in sub-clause (1), in paragraph (a), in the proposed substitution, for the words "valid for a specified period of time" the words "valid for the financial year beginning on first day of July, 2020" shall be substituted.
3. that in Clause 3, in sub-clause (1), after paragraph (b), the following new paragraph (c), shall be added, namely:-

"in clause (s), in paragraph (ii) for the words "one hundred and fifty thousand rupees", the words "five hundred thousand rupees" shall be substituted."

4. that in Clause 3, in sub-clause (5), in the proposed substitution for Section 19 C, for the words "five thousand rupees" the words "ten thousand rupees" shall be substituted.
5. that in Clause 3, in sub-clause (10), in paragraph (a), the proposed substitution shall be omitted.
6. that in Clause 3, sub-clause (11) shall be omitted.
(Note: Senators Mohsin Aziz and Zeeshan Khanzada dissented on the omission)
7. that in Clause 3, sub-clause (17) shall be omitted.
(Note: Senators Mohsin Aziz and Zeeshan Khanzada dissented on the omission)
8. that in Clause 3, in sub-clause (18), in the proposed Section 212B, after sub-section(2), following new sub-section (3) shall be inserted and existing sub-sections (3) & (4), shall be renumbered as sub-sections (4) & (5), respectively:-

"(3) The proceedings for issuance of advance ruling shall be completed within ninety days"

9. that in Clause 3, in sub-clause (18), in the proposed Section 212B, in the renumbered sub-section (5), for the words and comma "collectorates for the period specified by the Board in the rules," the words "for a period of one", shall be substituted.



10. that in Clause 3, in sub-clause (18), in the proposed Section 212B, after the renumbered sub-section (5), following new sub-section (6), shall be inserted, namely:-

“(6) The appeal against the Ruling issued under sub-section (1) shall lie with the Member Customs (Policy) within thirty days of issuance of Ruling.

Provided that during the appeal period of thirty days, the operation of Ruling shall remain suspended unless the applicant accepts the Ruling.”

11. that in Clause 3, in sub-clause (18), in the proposed Section 212B, after the renumbered sub-section (5), following new sub-section (6), shall be inserted, namely:-

THE SALES TAX ACT, 1990

12. that in Clause 5, sub-clause (9) shall be omitted.
(Note: Senator Mohsin Aziz dissented on the omission)
13. that in Clause 5, sub-clause (10) shall be omitted.
14. that in Clause 5, sub-clause (14) shall be omitted.

THE INCOME TAX ORDINANCE, 2001 (XLIX OF 2001)

15. that in Clause 6, in sub-clause (6), in paragraph (A), in sub-paragraph (b), for the words, “twenty five”, the word “forty” shall be substituted.
16. that in Clause 6, in sub-clause (6), in paragraph (B), for the words, “twenty five”, the word “forty” shall be substituted.
17. that in Clause 6, sub-clause (7), shall be omitted.
18. that in Clause 6, sub-clause (10), shall be omitted.
19. that in Clause 6, sub-clause (21), shall be omitted.
(Note: Senators Mohsin Aziz and Zeeshan Khanzada dissented on the omission)
20. that in Clause 6, sub-clause (31), shall be omitted.
21. that in Clause 6, sub-clause (32), shall be omitted.
22. that in Clause 6, in sub-clause (34), in paragraph (A), in newly proposed clause (d), for the words and expressions “(a), (ca) & (d)”, the letters and expression, “(a) & (f)”, shall be substituted.
23. that in Clause 6, in sub-clause (39), in paragraph (C), in the proposed privisos after the word “public”, occurring at two places, the words, “or private” shall be inserted.
24. that in Clause 6, sub-clause (47), shall be omitted.
25. That in Clause 6, sub-clause (48) shall be omitted.
26. that in Clause 6, sub-clause (50), shall be omitted.

27. that in Clause 6, sub- clause (51), shall be omitted.
28. that in Clause 6, in sub-clause (64), for the expression, "236X", shall be deleted.
29. that in Clause 6, in sub- clause (66), in paragraph (D), sub-paragraph (a) shall be omitted

THE FEDERAL EXCISE ACT, 2005

30. that in Clause 7, sub-clause (9) shall be omitted.
31. that in Clause 7, sub-clause (11) shall be omitted.

THE PUBLIC FINANCE MANAGEMENT ACT, 2019

32. that in Clause 9, in sub-clause (b), in paragraph (i), for the word "that", the word "those", shall be substituted.
33. that in Clause 9, in sub-clause (b), in paragraph (ii), for the words "within one grant or appropriation", the word "within one demand for grant", shall be substituted.
34. that in Clause 9, in sub-clause (b), in paragraph (iv), the words "or appropriation", occurring at two places, shall be deleted.
35. that in Clause 9, in sub-clause (c), in paragraph (ii), after the word "present", the words "and discuss" shall be inserted and for the word "before", the words "with" shall be substituted.
36. that in Clause 9, in sub-clause (f), for the paragraph (i), the following shall be substituted, namely:-
 - "(i) in sub-section (1), after the words "performance based budget", the word "report", shall be inserted; and
37. that in Clause 9, in sub-clause (g), in paragraph (ii), in the proposed proviso, after the words "time limit", the words "before the close of the financial year", shall be added.
38. that in Clause 9, in sub-clause (h), in paragraph (ii), in the proposed proviso, after the words "time limit", the words "before the close of the financial year", shall be added.
39. that in Clause 9, in sub-clause (k), in paragraph (ii), in the proposed sub-section (2), for entry (e), the following shall be substituted, namely:-

<p>"(e) One representative duly appointed by the Finance division from the Institute of Cost and Management Accountants of Pakistan of the Institute of Chartered Accountants of Pakistan or Institute of Internal Auditors;"</p>	<p>Member</p>
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TAX ON LUXURY HOUSES IN ISLAMABAD CAPITAL TERRITORY

40. that Clause 10, shall be omitted.

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GENERAL CONSENSUS RECOMMENDATIONS

41. The Senate of Pakistan recommends to the National Assembly that FED on Cigarettes should be enhanced as per guide lines given by the World Health Organization to bring the rates of FED at par with other countries in the region.
42. The Senate of Pakistan recommends to the National Assembly that salary of government employees should be enhanced at least 10 percent.
43. The Senate of Pakistan recommends to the National Assembly that tobacco must be treated as a crop like wheat, maize, sugarcane etc. and must be exempted from taxes/duties.
44. The Senate of Pakistan recommends to the National Assembly that Taxes may be imposed on processed/manufactured tobacco products only.
45. The Senate of Pakistan recommends to the National Assembly that FED on Cigarettes products of Tier-I must be increased by Rs.30/- per pack, whereas, on the Tier-II, the increase should be Rs.10/- per pack.
46. The Senate of Pakistan recommends to the National Assembly that taxation rates on cigarettes processed/ manufactured by local concerns must be rationalized viz a viz tobacco products processed / manufactured by concerns owned by Multinational Companies. A lower tax rate/duties should be imposed on local products as opposed to international brands.
47. The Senate of Pakistan recommends to the National Assembly that strict Anti-smuggling measures must be adopted to prevent international brand cigarettes smuggling into/outside Pakistan.
48. The Senate of Pakistan recommends to the National Assembly that income tax collection rates under Section 148 of ITO 2001 for industrial undertakings/manufacturers should be less than the rates for other persons. Hence, it is proposed to reduce income tax collection rate prescribed in Part III for industrial undertakings. Following changes are proposed to the Twelfth Schedule introduced vide Finance Bill, 2020.

Part	Persons	Rate proposed in Twelfth Schedule via Finance Bill, 2020	Proposed Rates for Industrial Undertakings	Proposed Rates for Other Persons
I	Persons importing goods classified in Part I of the Twelfth Schedule	1% of the import value as increased by customs-duty, sales tax and federal excise duty	1% of the import value as increased by customs-duty, sales tax and federal excise duty	2% of the import value as increased by customs-duty, sales tax and federal excise duty
II	Persons importing goods classified in Part II of the Twelfth Schedule	2% of the import value as increased by customs-duty, sales tax and federal excise duty	2% of the import value as increased by customs-duty, sales tax and federal excise duty	4% of the import value as increased by customs-duty, sales tax and federal excise duty

It is also proposed to amend Section 148(7) of ITO 2001 to exclude classifying income tax collected from industrial undertakings as minimum tax at import stage for goods falling under Part III of this schedule.

MA

49. The Senate of Pakistan recommends to the National Assembly that Government should highlight top ten import products from above categories having no local alternative and increase the canvas of Greenfield definition to include these categories. It is also recommended that exemption of Income tax for such new category in the definition of Greenfield Industry for a period of 5 years be extended to 10 years.
50. The Senate of Pakistan recommends to the National Assembly that clause (72b) of Part IV of Second Schedule of ITO, 2001 should be reinstated and proposed amendment through Finance Bill 2020 by FBR should be omitted.
51. The Senate of Pakistan recommends to the National Assembly that further tax should be charged on all retail items excluding the items included in Third Schedule of Sales Tax Act, 1990, and it is also recommended that the mechanism in this regard should be improved.
52. The Senate of Pakistan recommends to the National Assembly that custom duties of raw material/essential finished goods/plant and machinery whose domestic alternative is available in the country shall be reduced to 0%. Further, custom duties of raw material/essential finished goods/plant and machinery having local alternative available must be charged at double of existing rates.
53. The Senate of Pakistan recommends to the National Assembly that the Federal Government should double the budget for education and health sectors.
54. The Senate of Pakistan recommends to the National Assembly that the government should abolish all kinds of withholding tax chargeable on cash transactions from banks.
55. The Senate of Pakistan recommends to the National Assembly that instead of the proposed amendment in clause 3A and 3B of the Income Ordinance, 2001, capital gain tax may completely be done away with on the sale and purchase of a house or a plot.
56. The Senate of Pakistan recommends to the National Assembly that all important debt agreements must be placed before the parliament for scrutiny immediately.
57. The Senate of Pakistan recommends to the National Assembly that budget allocation for Ministry of National Health Services, Regulations and Coordination must be enhanced to a minimum of 5% as per WHO recommendations.
58. The Senate of Pakistan recommends to the National Assembly that 11% cut imposed on the share of the provinces in violation of National Finance Commission (NFC) Award, must be revised immediately.
59. The Senate of Pakistan recommends to the National Assembly that the allocation for Ministry of Education must be increased by 20%.
60. The Senate of Pakistan recommends to the National Assembly that amendments in 5th Schedule of Customs Act and 6th Schedule of Sales Tax Act may be made for import of goods including vehicles and other equipment for sole use of the IPC to propagate its objectives subject to the certification of by the Chair that such items are bona-fide requirement of the International Parliamentarians' Congress (IPC) and shall not be disposed of without permission of the FBR and without payment of duty and taxes as may be ascertained by the Board.

61. The Senate of Pakistan recommends to the National Assembly that the basic raw materials of electric accumulator industry as mentioned hereunder which are still subject to 5.50 % advance tax must be included in the Part-II and tax rate on them should be reduced to 2%:-

SR .No	HS CODE	ITEM
1	3920.1000	PE ROLL
2	4501.1000	CORK POWDER
3	4811.6090	ELECTROLYTIC PAPERBOARD
4	7019.3100	FIBER GLASS MAT ROLL
5	7019.3200	GLASS FIBER SHEETS
6	3506.9190	Hot Melt
7	3506.9190	Epoxy Resin
8	3506.9190	Terminal Adhesive
9	8507.9000	Battery Componenets
10	8507.9000	Filter Disc
11	8507.9000	Magic Eye
12	8507.9000	Gauntlets & Bottom Bars
13	8507.9000	AGM Seperator
14	5910.0000	Pasting Belts
15	8421.3940	Filters

62. The Senate of Pakistan recommends to the National Assembly that the proposal of the Government in the Finance Bill, 2020 regarding disallowing of expenditure on utility bills from 1st January 2021, if actual user name is not appearing on bills, should be withdrawn.
63. The Senate of Pakistan recommends to the National Assembly that the FBR must consider withdrawal of reduction of normal tax depreciation slashed by 50% for first year.
64. The Senate of Pakistan recommends to the National Assembly that the Provision of Amendment in assessment under Section 122 (5) ITO, on the basis of audit even definitive information exists or not, should be withdrawn.
65. The Senate of Pakistan recommends to the National Assembly that the matter of filing of appeal before tribunal with the payment of 10% tax, the Commissioner must convey in his order the amount of tax upheld by the tribunal so that the deposit may be made accordingly.
66. The Senate of Pakistan recommends to the National Assembly that the proposed addition of new sub-section 5 in Section 7, wherein Board may imposed restriction on wastage of material for which taxpayer may claim input tax, should be withdrawn by the Government to boost confidence of business on revenue authorities.
67. The Senate of Pakistan recommends to the National Assembly that before penalizing any passenger or member of the crew who attempts to bring into or take out of Pakistan,

currency, gold, precious metals or stone in any form through concealment in baggage, the awareness campaign be made for the information of the passengers.

68. The Senate of Pakistan recommends to the National Assembly that Recycling industry functioning at small level should be exempted from the sales tax.
69. The Senate of Pakistan recommends to the National Assembly following amendments in the package for the construction industry announced by the Federal Government:-
 - a. Acquisition of plots, approvals of maps, and initial mobilization cannot completed till 31st December, 2020, it has to be revised to 20th June, 2021 considering COVID spread in the country and delays in all process.
 - b. Builders and developers both must be given completion dates till 31st December, 2023, as construction projects of reasonable size needs minimum 3 years to complete from start of construction activity. Pace of project construction entirely depends upon installments flow.
 - c. Builders and developers must be allowed to transfer ownership of land under this package by 30th June, 2021 (individuals or member of company or partner in AOP).
 - d. Immunity under section 111 of the Income Tax to be extended till 30th June, 2021 for developers and builders and purchasers.
 - e. Time Limit shall not be imposed on purchasers to complete construction by 30th September, 2022 as his contributions of installments by him are directly helping developers to claim benefits of this package. Economic contributions from purchasers start from payment of 1st installment.
 - f. Approvals from NESPAK on completion of construction projects, percentage of development, road laid and grid must be withdrawn as local authorities exist in all cities which require completion under applicable laws.
 - g. Certification from a chartered firm on 50% booking of plots and 40% receipt of installments must also be withdrawn as failed investments shall cost business losses to individuals, AOP and companies accordingly.
70. The Senate of Pakistan recommends to the National Assembly that for filing the appeal before the Appellate Tribunal Inland Revenue, the taxpayer will have to deposit 10% of the demand upheld by the Commissioner Inland Revenue (Appeals), before filing of the Appeal proposed in the Finance Bill, 2020 should be withdrawn.
71. The Senate of Pakistan recommends to the National Assembly that the salaries of the medical and para-medical staff working in ICT should be enhanced reasonably.
72. The Senate of Pakistan recommends to the National Assembly that the Government should allocate more funds for management of rain water reservoirs.
73. The Senate of Pakistan recommends to the National Assembly that the special funds should also be allocated for construction of new small/mini dams.

74. The Senate of Pakistan recommends to the National Assembly that the Government should I.T/Internet access, especially in remote areas.
75. The Senate of Pakistan recommends to the National Assembly that the budgetary allocation of Higher Education Commission (HEC) should be enhanced to Rs.100 billion.
76. The Senate of Pakistan recommends to the National Assembly that the Government should allocate funds for improvement in the Aviation Sector and to upgrade Airports all over the country.
77. The Senate of Pakistan recommends to the National Assembly to grant tax relief for the manufacture and supply of PPE by making following amendments in the Sixth Schedule to the Sales Tax Act, 1990:

a) In table I of the Sixth Schedule:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
155	Raw material for manufacture of PPE, namely:- (i) Non-woven fabric for COVID-19, Breathable Thermobond Laminated Fabric (ii) Polyethylene (iii) Polypropylene (iv) Polypropylene Copolymer Subject to the conditions that the importer is an industrial undertaking having in house manufacturing facility for manufacture of PPE and has obtained quota for imports.	5603.9200 3901.1000 3901.2000 3902.1000 3902.3000

b) In table II of the Sixth Schedule:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
25	Constituents of PPE, namely:- (i) Surgical masks. (ii) Respirators (N95 or FFP2 standard, or equivalent) (iii) Disposable Coverall suits.	Respective Headings.

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	(iv) Disposable apron.	
	(v) Disposable isolation gown.	
	(vi) Disposable cap.	
	(vii) Reinforced surgical gown.	
	(viii) Disposable shoe cover.	
	(ix) Disposable fitted bed sheets.	
	(x) Sharklet-film.	

78. The Senate of Pakistan recommends to the National Assembly that exemptions should be given in the Sales Tax and Custom Duties on the import of all intermediary raw materials of PPEs, Spray Gun and Face Masks.
79. The Senate of Pakistan recommends to the National Assembly that the custom duty on PVC resins should be reduced from 11% to 5%.
80. The Senate of Pakistan recommends to the National Assembly that a realistic tax collection target should be set, instead of Rs.4.963 trillion as set by the FBR.
81. The Senate of Pakistan recommends to the National Assembly that the sales tax for the textile sector should be reduced to 4%.
82. The Senate of Pakistan recommends to the National Assembly that the government should expedite the process of loss making projects in a transparent manner.
83. The Senate of Pakistan recommends to the National Assembly that advance tax should be abolished on cars/vehicles up to 700 CC.
84. The Senate of Pakistan recommends to the National Assembly that relief given by State Bank of Pakistan to Ehsas Youth Loan Program should also be given to PM Youth Loan Program.
85. The Senate of Pakistan recommends to the National Assembly that government should raise the amount of funds allotted for locust control in 2020-21, from Rs.4 billion to Rs.8 billion keeping view of the losses suffered by our small farmers in locusts' affected areas.
86. The Senate of Pakistan recommends to the National Assembly to raise atleast 50% in the Corona Stimulus Package for fertilizer subsidy, loan remission and other relief to the farmers, keeping in view of the covid-19 situation and food insecurity on account of locusts' attacks.
87. The Senate of Pakistan recommends to the National Assembly that HEC should be granted more funds for assisting online university education all over the country.
88. The Senate of Pakistan recommends to the National Assembly that by keeping in view of the global business shrinkage and the challenges faced by the local textile Industry on account of Lock downs, the government should restore the zero-rating facility or slash general sales tax from 17% to 4% for textiles export sector.
89. The Senate of Pakistan recommends to the National Assembly that the threshold for recording CNIC of customers by the fertilizer dealers may be enhanced up to Rs.500,000/-.

90. The Senate of Pakistan recommends to the National Assembly that the sales tax imposed on sale of cotton seed oil cake should be withdrawn with effect from 1st July, 2020, through the coming Finance Bill, 2020.
91. The Senate of Pakistan recommends to the National Assembly that the locally ginned cotton from levy of sales tax should be exempted as no loss of revenue is likely to accrue the government exchequer and will relieve the ginning industry from unnecessary hassles.
92. The Senate of Pakistan recommends to the National Assembly that after necessary deliberations, amendments may be made in the relevant laws i.e. income tax, sales tax, federal excise and custom duties to give 10 years' tax exemption for Gawadar District with consideration that industry established there should be:-
- i. Capital Intensive;
 - ii. Labour Intensive; and
 - iii. Having Value Addition above 15%;
93. The Senate recommends to the National Assembly that the employees of the Senate Secretariat should be granted six (06) Honourariums as a reward for their hard work during the Budget Session 2020-21, specially during the health emergency and spread of Corona Pandemic.
