

The Gazette of Pakistan



EXTRAORDINARY
PUBLISHED BY AUTHORITY

ISLAMABAD, SATURDAY, JUNE 30, 1973

PART I

Acts, Ordinances, President's Orders and Regulations

NATIONAL ASSEMBLY OF PAKISTAN

Islamabad, the 30th June, 1973

The following Act of the National Assembly received the assent of the President on the 29th June, 1973, and is hereby published for general information :—

ACT NO. L OF 1973

An Act to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 1973 and to amend certain laws.

WHEREAS it is expedient to make provisions to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 1973, and to amend certain laws for the purposes hereinafter appearing ;

It is hereby enacted as follows :—

1. **Short title and extent.**—(1) This Act may be called the Finance Act, 1973.
- (2) It extends to the whole of Pakistan.
2. **Amendment of Act XI of 1922.**—The following amendments shall be made in the Income-tax Act, 1922 (XI of 1922), namely :—
 - (1) in section 2,—
 - (a) in clause (7), after the words and comma “Special Officer,” the words and comma “a Tax Recovery Officer,” shall be inserted ;

(519)

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(b) after clause (16), the following new clause shall be inserted, namely :—

“(16A) “ valuer ” means a valuer appointed under section 3A of the Estate Duty Act, 1950 (X of 1950);”;

(2) in section 4, sub-section (2) shall be omitted ;

(3) in section 15, in sub-section (3), for the words, figures, letters and brackets “ and section 15F and any sum exempted under sub-section (1) of section 58F ” the commas, words, figures, letters and brackets “, section 15F, sub-section (1) of section 58F and section 58W,” shall be substituted ;

(4) in section 15AA, in sub-section (3), in the proviso, after the word “ Provided ” the word “ further ” shall be inserted and before the proviso amended as aforesaid, the following new proviso shall be inserted, namely :—

“ Provided that nothing contained in this sub-section shall apply in respect of the sale proceeds of such certificates, securities and shares referred to in sub-section (1) as were purchased at a time not less than five years before the commencement of the said previous year : ” ;

(5) in section 15H, the proviso shall be omitted ;

(6) in section 16, in sub-section (1), in clause (c), the third proviso shall be omitted ;

(7) in section 18A,—

(a) in sub-section (6), for the words “ the date of the said regular assessment ” the words and commas “ thirtieth day of June of the year next following or up to the date of the said regular assessment, whichever is the earlier,” shall be substituted ; and

(b) in sub-section (8), for the words “ no payment of tax has been made ” the words “ payment of tax has not been made ” shall be substituted ;

(8) in section 22,—

(a) in sub-section (2),—

(i) the commas and words “, not being less than thirty days,” shall be omitted ; and

(ii) in the proviso, for the words “ extend the date for the delivery of the return ” the words “ reduce or extend the period within which the return is required to be furnished ” shall be substituted ;

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

“ Provided that, where the total income of an assessee is not less than fifty thousand rupees, he shall furnish such statement along with his return of total income irrespective of whether or not any notice under this sub-section has been served on him.” ;

(9) in section 23, after sub-section (2), the following new sub-section shall be inserted, namely :—

“(2A) Where, in the course of assessment proceedings, the Income-tax Officer is of the opinion that any asset mentioned in a statement furnished under sub-section (4A) of section 22 has not been correctly valued by an assessee, he may refer the matter to a valuer for arriving at the proper value of such asset.”;

(10) in section 26A,—

(a) in sub-section (3), for the words “a genuine firm in existence” the words, commas and figure “in existence a genuine firm registered under the Partnership Act, 1932, and” shall be substituted ; and

(b) in sub-section (5), after the figure “1932”, the comma and words “, or an application for registration under the said Act has been made” shall be inserted ;

(11) in section 28,—

(a) in sub-section (1),—

(i) after clause (b), for the comma at the end, the semi-colon and word “; or” shall be substituted and thereafter the following new clause shall be inserted, namely :—

“(c) has without reasonable cause failed to comply with a notice under section 37,”;

(ii) in sub-clause (i), for the words “one thousand rupees” and the words “fifty rupees” the words “five thousand rupees” and the words “one hundred rupees” shall respectively be substituted; and the word “and” at the end shall be omitted ; and

(iii) in sub-clause (ii), for the colon at the end the semi-colon and word “; and” shall be substituted and thereafter the following new sub-clause shall be inserted, namely :—

“(iii) in the case referred to in clause (c), without prejudice to any action that may be taken under the Code of Civil Procedure, 1908, or the Pakistan Penal Code, a sum of one thousand rupees :”;

(b) in sub-section (2A),—

(i) for the word “twenty-five” the word “fifty” shall be substituted; and

(ii) after the words “as was not paid” the words and comma “or a sum of one thousand rupees, whichever is the greater” shall be added ; and

(c) sub-section (4) shall be omitted ;

(12) in section 34, in sub-section (2), for the words “four years” twice occurring the words “two years” shall be substituted ;

(13) in section 38A, in sub-section (1) and sub-section (2), after the word "The" the words and comma "Director of Inspection, the" shall be inserted;

(14) section 38B shall be re-numbered as sub-section (1) of that section and, after sub-section (1) re-numbered as aforesaid, the following new sub-section shall be added, namely :—

"(2) Notwithstanding anything contained in any other provision of this Act, the Income-tax Officer may, with the prior approval of the Inspecting Assistant Commissioner, authorise a valuer to enter any place for ascertaining the value of any assets for the purposes of sub-section (2A) of section 23.";

(15) for section 43B the following shall be substituted, namely :—

"43 B. Liability for payment of tax in the case of private companies.—

Notwithstanding anything contained in the Companies Act, 1913 (VII of 1913), where any tax payable by a private company (including a private company which is wound up or has gone into liquidation) in respect of any income of any previous year (whether ending before or after the date of commencement of the winding up or liquidation proceedings) cannot be recovered, every person who is, or was, at any time during that previous year a director of the company or a shareholder thereof owning not less than ten per cent of its paid up capital shall be jointly and severally liable for the payment of such tax :

Provided that no proceedings under this section shall be initiated except with the prior approval of the Central Board of Revenue.";

(16) In section 49AA, in sub-section (1), after the words "that territory" the words "and the prevention of fiscal evasion" shall be inserted ;

(17) in section 51,—

(a) in sub-section (1),—

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

"(aa) to comply with a notice under sub-section (2) of section 22 or sub-section (1) of section 34 ;";

(ii) in clause (b), the word "or" appearing at the end shall be omitted and thereafter the following new clause shall be inserted, namely :—

"(bb) to comply with the provisions of section 38;" ;

(iii) in clause (c) after the semi-colon at the end, the word "or" shall be added and thereafter the following new clause shall be inserted, namely :—

"(d) to comply with any of the provisions of a notice under section 37;" ; and

- (b) after sub-section (1) amended as aforesaid, the following new sub-section shall be inserted, namely :—

“(1A) Where any assessee furnishes under sub-section (2) or sub-section (3) of section 18A an estimate of tax payable by him which he knew or had reason to believe to be untrue, he shall be punishable with imprisonment which may extend to one year, or with fine which may extend to five thousand rupees, or with both.”;

- (18) in section 53,—

- (a) in sub-section (1), for the words “Central Board of Revenue” the word “Commissioner” shall be substituted ;

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

“(1A) Notwithstanding anything contained in any law for the time being in force, a prosecution for an offence against this Act may be instituted in respect of the same facts on which a penalty has been imposed under section 28.”;

- (19) in section 54,—

- (a) in sub-section (3),—

- (i) in clause (p), for the full stop at the end, the semi-colon and word “; or” shall be substituted ; and

- (ii) after clause (p) amended as aforesaid, the following new clause shall be added, namely :—

“(q) of such information and records as may be supplied by any income-tax authority to a valuer.”; and

- (b) after sub-section (4), the following new sub-section shall be inserted, namely :—

“(4A) Nothing contained in this section shall prevent the Central Board of Revenue from disclosing, in the public interest, any particulars in respect of the declared or assessed income of an assessee and the tax paid by him.”;

(20) in Chapter IXB, in the heading, for the full stop at the end, a comma shall be substituted and thereafter the words “RETIREMENT ANNUITY CONTRACTS AND TRUST SCHEMES” shall be added ; and after section 58V, the following new section shall be added, namely :—

“58W. **Approval of retirement annuity contracts and trust schemes.**—Subject to such rules as may be made in this behalf, where in any year of assessment, an individual, being a resident of Pakistan, is (or would, but for the loss of profits or gains, be) chargeable to tax—

- (a) in respect of any salary or remuneration from an office or employment held by him, which is not a pensionable office or employment or which does not provide any other retirement benefits ; or

- (b) in respect of profits or gains accruing or arising from business, profession or vocation carried on by him,

the tax shall not be payable in respect of any sum paid by him under a contract of annuity with the State Life Insurance Corporation of Pakistan or the Pakistan Post Office Life Insurance Department approved by the Commissioner and having for its main object the provision for the individual of an annuity in old age.”;

(21) In the First Schedule,—

(a) for rules 1 and 2 the following shall be substituted, namely :—

“1. The profits and gains of life insurance business of an assessee, from whatever source derived, shall be chargeable under the head “Income from business, profession or vocation”.

2. The profits and gains of life insurance business, other than pension and annuity business, shall be taken to be the annual average of the surplus arrived at by adjusting the surplus or deficit disclosed by the actuarial valuation made for the last inter-valuation period ending before the year for which the assessment is to be made, so as to exclude from it any surplus or deficit included therein which was made in any earlier inter-valuation period and any expenditure other than expenditure which may, under the provisions of section 10 of this Act, be allowed for in computing the profits and gains of a business.”; and

(b) in rule 5, clause (ii) and clause (iii) shall be omitted.

3. **Income-tax and Super-tax.**—(1) Subject to the provisions of sub-sections (2), (3), (4) and (5), in making any assessment for the year beginning on the first day of July, 1973,—

(a) income-tax shall be charged at the rates specified in Part I of the First Schedule ; and

(b) the rates of super-tax shall, for the purposes of section 55 of the Income-tax Act, 1922 (XI of 1922), in this section referred to as the said section, be those specified in Part II of the First Schedule.

(2) In making any assessment for the year beginning on the first day of July, 1973,—

(a) where the total income of an assessee, not being a company, includes any income chargeable under the head “Salaries” or any income chargeable under the head “Interest on Securities”, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax and super-tax payable according to the rates applicable under the operation of the Finance Ordinance, 1972 (XXI of 1972), on his total income the same proportion as the amount of such inclusion bears to his total income ; and

(b) Where the total income of a company includes any profits and gains from life insurance business, super-tax payable by the company shall be reduced by an amount equal to 12.5 per cent of that part of its total income which consists of such inclusion.

(3) In making any assessment for the year beginning on the first day of July, 1973, where the assessee is a cooperative society, the tax shall be payable at the rates specified in paragraph A of Part I, or paragraph B of Part I and paragraph A of Part II of the First Schedule as if the assessee were a company to which the proviso to sub-paragraph (i) of paragraph A of the said Part II applied, whichever treatment is more beneficial to the assessee :

Provided that in calculating for the purposes of this sub-section, the amount of income-tax at the rates specified in paragraph A of Part I of the First Schedule, no deduction in respect of any allowance or sums referred to in clause (i) of the proviso to the said paragraph shall be made.

(4) (a) In making any assessment for the year beginning on the first day of July, 1973, where the total income of an assessee, not being a company to which the proviso to sub-paragraph (1) of paragraph A of Part II of the First Schedule does not apply, includes any profits and gains derived from the export of goods out of Pakistan, income-tax and super-tax, if any, payable by him in respect of such profits and gains shall, subject to the provisions of clauses (b) and (c), be reduced by an amount computed in the manner specified hereunder :—

Amount

- | | |
|---|---|
| (i) Where the goods exported abroad had not been manufactured by the assessee who exported them— | 15 per cent of the income-tax and super-tax, if any, attributable to export sales. |
| (a) and where the export sales during the relevant year exceed the export sales of the preceding year. | plus an additional 1 per cent for every increase of 10 per cent in export sales over those of the preceding year, subject to an overall maximum of 25 per cent. |
| (b) and where the export sales during the relevant year do not exceed the export sales of the preceding year. | minus 1 per cent for every decrease of 10 per cent in export sales over those of the preceding year, subject to an overall minimum of 10 per cent. |
| (ii) Where the goods exported had been manufactured by the assessee who had exported them— | |
| (a) Where the export sales do not exceed 10 per cent of the total sales. | <i>Nil.</i> |
| (b) Where the export sales exceed 10 per cent but do not exceed 20 per cent of the total sales. | 15 per cent of the income-tax and super-tax, if any, attributable to export sales. |
| (c) Where the export sales exceed 20 per cent but do not exceed 30 per cent of the total sales. | 20 per cent of the income-tax and super-tax, if any, attributable to export sales. |
| (d) Where the export sales exceed 30 per cent of the total sales. | 25 per cent of the income-tax and super-tax, if any, attributable to export sales. |

Provided that in the case of a registered firm super-tax payable by it under paragraph C of Part II of the First Schedule shall be reduced under this clause by an amount calculated on the basis of the income-tax payable on its total income under paragraph A of Part I had it been the total income of an unregistered firm;

(b) Nothing contained in clause (a) shall apply in respect of the following goods or class of goods, namely :—

- (a) raw cotton ;
- (b) such other goods as may be notified by the Central Board of Revenue from time to time ;

(c) The Central Board of Revenue may make rules providing for the computation of profits and the tax attributable to export sales and for such other matters as may be necessary to give effect to the provisions of this sub-section.

(5) In cases to which section 17 of the said Act applies, the tax chargeable shall be determined as provided in that section, but with reference to the rates referred to in sub-section (1), and in accordance, where applicable, with the provisions of sub-section (2).

(6) For the purposes of making deduction of tax under section 18, of the said Act, the rates specified in Part I ~~(and Part H)~~ of the First Schedule shall apply as respects the year beginning on the first day of July, 1973, and ending on the thirtieth day of June, 1974.

Part II and Part III

(7) For the purposes of this section and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the said Act; and the expression "public company" means a company—

(i) in which not less than fifty per cent of the shares are held by the Government; or

(ii) whose shares were the subject of dealings in a registered stock exchange in Pakistan at any time during the previous year and remained listed on the stock exchange till the close of that year.

4. **Surcharge under Act XI of 1922.**—Surcharge under the Income tax Act, 1922 (XI of 1922), shall be charged in respect of any assessment for the year beginning on the first day of July, 1973, at the rates specified in Part III of the First Schedule.

5. **Amendment of Act XV of 1963.**—The following amendments shall be made in the Wealth-tax Act, 1963 (XV of 1963), namely:—

(1) in section 6,—

(a) the words "or of a company not resident in Pakistan" shall be omitted; and

(b) *Explanation 2* shall be omitted;

(2) in section 7, in sub-section (2), clause (b) shall be omitted;

(3) in chapter II, after section 7, the following new section shall be inserted namely:—

"7A. *Reference to valuer.*—(1) Subject to the provisions of this Act, the Wealth-tax Officer may require the valuer to determine the value of any property.

(2) For the purposes of determining the value of property under sub-section (1), the valuer may, with the prior approval of the Inspecting Assistant Commissioner of Wealth-tax, enter upon and inspect such property at any reasonable time."

(4) in section 14, in sub-section (1), the proviso shall be omitted; and

1. Subs. by Act 10 of 1974

(5) in section 36, after sub-section (4), the following new sub-sections shall be added, namely :—

“(5) Notwithstanding anything contained in the Code of Criminal Procedure, 1898 (V of 1898), or in any other law for the time being in force, an offence punishable under this section shall be tried exclusively by a Special Judge appointed by the Federal Government under the Pakistan Criminal Law Amendment Act, 1958 (XL of 1958), as if such an offence were an offence specified in the Schedule to that Act.

(6) A Special Judge shall take cognizance of, and have jurisdiction to try, an offence triable under sub-section (5) only upon a complaint in writing made, after complying with the requirement of sub-section (3), by a Wealth-tax Officer—

(a) who is competent to make assessment under this Act in the case to which the offence alleged to have been committed relates, and

(b) whose office is situated within the territorial limits of the jurisdiction of such Special Judge.

(7) Every case relating to an offence triable under sub-section (5) and pending, immediately before the commencement of the Finance Act, 1973, in any court for trial shall stand transferred to the Special Judge to whom a complaint in respect of the offence could have been made under sub-section (6); and a case so transferred to a Special Judge shall be tried by him as if it were a case in which a complaint had been made in accordance with sub-section (6) by the competent Wealth-tax Officer.

6. **Amendment of Act XIV of 1963.**—The following amendments shall be made in the Gift-tax Act, 1963 (XIV of 1963), namely :—

(1) in Chapter II, after section 6, the following new section shall be added, namely :—

“6A. *Reference to valuer.*—(1) Subject to the provisions of this Act, the Gift-tax Officer may require the valuer to determine the value of any property which is gifted.

(2) For the purpose of determining the value of property under sub-section (1), the valuer may, with the prior approval of the Inspecting Assistant Commissioner of Gift-tax, enter upon and inspect such property at any reasonable time.”; and

(2) in section 35, after sub-section (4), the following new sub-sections shall be added, namely :—

“(5) Notwithstanding anything contained in the Code of Criminal Procedure, 1898 (Act V of 1898), or in any other law for the time being in force, an offence punishable under this section shall be tried exclusively by a Special Judge appointed by the Federal Government under the Pakistan Criminal Law Amendment Act, 1958 (XL of 1958), as if such an offence were an offence specified in the Schedule to that Act.

(6) A Special Judge shall take cognizance of, and have jurisdiction to try, an offence triable under sub-section (5) only upon a complaint in writing made, after complying with the requirement of sub-section (3), by a Gift-tax Officer—

(a) who is competent to make assessment under this Act in the case to which the offence alleged to have been committed relates, and

(b) whose office is situated within the territorial limits of the jurisdiction of such Special Judge.

- (7) Every case relating to an offence triable under sub-section (5) and pending, immediately before the commencement of the Finance Act, 1973, in any court for trial shall stand transferred to the Special Judge to whom a complaint in respect of the offence could have been made under sub-section (6); and a case so transferred to a Special Judge shall be tried by him as if it were a case in which a complaint had been made in accordance with sub-section (6) by the competent Gift-tax Officer.”.

7. **Amendment of Act III of 1951.**—The following amendments shall be made in the Sales Tax Act, 1951 (III of 1951), namely :—

(1) in section 2,—

(a) clause (9) shall be omitted ; and

(b) in clause (20), after the words “ the financial year ”, for the colon a full stop shall be substituted and the proviso shall be omitted ;

(2) in section 3,—

(a) in sub-section (1), clause (e) shall be omitted ;

(b) in sub-section (4), the comma, brackets and letter “ , (e) ” shall be omitted ;

(c) in sub-section (6), in clause (d), the words “ and not for sale ” shall be omitted ;

(3) in section 4,—

(a) clauses (a), (b), (d) and (e) shall be omitted ;

(b) in the first proviso, for the colon at the end a full stop shall be substituted ; and

(c) the second proviso shall be omitted ;

(4) in section 12, for sub-section (1) the following shall be substituted, namely :—

“(1) Subject to the provisions of sub-section (4) of section 3,—

(a) every person liable to pay tax under clause (a) or clause (c) of sub-section (1) of section 3, and

(b) every licensed exporter who, having purchased the goods without payment of sales tax from another licensed exporter, has sold such goods within Pakistan, shall pay the tax payable by him within thirty days of the last day of the month in which the goods in respect of which the tax is payable are sold.

Explanation.—The expression ‘ tax payable ’ in relation to clause (b) means the tax which would have been payable at the time of purchase but for the provisions of section 4.”;

(5) in section 23, for sub-section (1) the following shall be substituted, namely :—

“(1) If any person has—

(i) without reasonable cause, failed to furnish in the manner and within the time provided therefor any return required to be furnished under any provision of this Act ; or

- (ii) furnished such return which he knew or had reason to believe to be untrue ; or
- (iii) withheld from inspection, by the Sales Tax Officer, any records, books of account or documents, kept pursuant to section 19, or
- (iv) wilfully acted in contravention of any other provision of this Act, the Sales Tax Officer, or the Appellate Tribunal may direct that such person shall pay by way of penalty,—
 - (a) in the cases referred to in clauses (i), (iii) and (iv), a sum not exceeding one thousand rupees, and in the case of a continuing default, a further sum not exceeding fifty rupees for every day during which the default continues ; and
 - (b) in the case referred to in clause (ii), a sum not exceeding one and a half times the amount of tax which would have been evaded if the return had been accepted as correct.”;
- (6) in section 24, in sub-section (1),—
 - (a) the commas and words “, on conviction by a magistrate of the first class,” shall be omitted ; and
 - (b) the words and comma “and where the offence is a continuing one, to a further fine which may extend to fifty rupees for every day after the first day during which the offence continues” shall be omitted ;
- (7) in section 25, the words “on conviction before a magistrate of the first class” shall be omitted ;
- (8) for section 26 the following shall be substituted, namely :—
 - 26. “*Composition etc.*—(1) A person shall not be proceeded against for an offence under this Act except at the instance of the Commissioner.
 - (2) The Commissioner may, either before or after the institution of proceedings in respect of an offence, compound any such offence.”;
- (9) in Chapter XIII, after section 26, the following new section shall be added, namely :—
 - 26A. “*Offences to be tried by Special Judges.*—(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1898 (Act V of 1898), or in any other law for the time being in force, an offence punishable under this Chapter shall be tried exclusively by a Special Judge appointed by the Federal Government under the Pakistan Criminal Law Amendment Act, 1958 (XL of 1958), as if such an offence were an offence specified in the Schedule to that Act.
 - (2) A Special Judge shall take cognizance of, and have jurisdiction to try, an offence triable under sub-section (1) only upon a complaint in writing made, after complying with the requirement of sub-section (1) of section 26, by the Sales Tax Officer—
 - (a) who is competent to make assessment under this Act in the case to which the offence alleged to have been committed relates, and
 - (b) whose office is situated within the territorial limits of the jurisdiction of such Special Judge.

- (3) Every case relating to an offence triable under sub-section (1) and pending, immediately before the commencement of the Finance Act, 1973, in any court for trial shall stand transferred to the Special Judge to whom a complaint in respect of the offence could have been made under sub-section (2); and a case so transferred to a Special Judge shall be tried by him as if it were a case in which a complaint had been made in accordance with sub-section (2) by the competent Sales Tax Officer.”;

(10) in section 28, sub-sections (2) and (3) shall be omitted ;

(11) in section 29, the words “ a licensed manufacturer or producer or ” shall be omitted ; and

(12) in section 37, for the words “ eight annas ” twice occurring, the words “ fifty paisa ” shall be substituted.

8. **Amendment of Act I of 1944.**—In the Central Excises and Salt Act, 1944, (I of 1944), after section 9, the following new section shall be inserted, namely :—

“9A. *Appointment of Special Judges for trial of offences.*—(1) The Federal Government may, by notification in the official Gazette, appoint as many Special Judges as it may consider necessary, and, where it appoints more than one Special Judge, shall specify in the notification the territorial limits within which each one of them shall exercise jurisdiction.

(2) A Special Judge shall be a person who is or has been or is qualified to be a Sessions Judge.

(3) On the appointment of a Special Judge for any area, an offence punishable under this Act shall be tried exclusively by the Special Judge and all cases pending in any other court in such area immediately before such appointment shall stand transferred to such Special Judge.

(4) The provisions of the Code of Criminal Procedure, 1898 (Act V of 1898), except those of Chapter XXXVIII of that code, shall apply to the proceedings of the court of a Special Judge and, for the purposes of the said provisions, the court of a Special Judge shall be deemed to be a Court of Session trying cases without the aid of assessors or a jury, and a person conducting prosecution before the court of a Special Judge shall be deemed to be a Public Prosecutor.

(5) For the purposes of sub-section (4), the Code of Criminal Procedure, 1898 (Act V of 1898), shall have effect as if an offence punishable under this Act were one of the offences referred to in sub-section (1) of section 337 of the Code.

(6) A Special Judge shall take cognizance of, and have jurisdiction to try, an offence triable under sub-section (3) only upon a complaint in writing made by such Central Excise Officers as may be authorised by the Central Board of Revenue in this behalf, by a general or special order in writing.”

9. **Amendment of Act IV of 1969.**—The following amendments shall be made in the Customs Act, 1969 (IV of 1969), namely :—

(1) In section 2,—

(a) in clause (j), for the words “ port for the shipment or landing of goods ” the words “ customs-port ” shall be substituted ; and

(b) in clause (s), in sub-clause (b), the word " other " occurring for the first time shall be omitted.

(2) In section 9, for clause (a) the following shall be substituted, namely :—

"(a) the places which alone shall be customs-ports or customs airports for the clearance of goods or any class of goods imported or to be exported;".

(3) in section 22, in the proviso,—

(a) after the word " exportation " occurring for the first time, the commas and words " or within such further period, not exceeding three years, as the Collector may allow in any case, " shall be inserted ; and

(b) for paragraph (a) the following shall be substituted, namely:—

"(a) where at the time of exportation of such goods, rebate, refund or draw-back of any customs or excise duty or any other tax levied by the Federal Government or any tax, cess or duty levied by the Provincial Government was allowed, on payment of customs duty equal to the amount of such rebate, refund or drawback, as the case may be;"

(4) in section 25, in sub-section (3), in clause (b), the words and commas " for sale, other disposal or use, " occurring for the first time shall be omitted.

(5) in section 82, for the words " two months " the words " one month " shall be substituted.

(6) in section 96, in sub-section (1), after the word " shall ", the commas and words, " unless exempted by an order of the Collector or an officer not below the rank of Assistant Collector authorised by him, " shall be inserted ;

(7) in section 156, in the Table, in clause 8, in column 2,—

(a) for the words " six years " the words " ten years " shall be substituted; and

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

"Provided that, in the case of such goods essential to the life of the community as may be notified by the Federal Government in the official Gazette, the sentence of imprisonment shall not be less than five years and the whole or any part of the property of the person convicted shall also be liable to confiscation.";

(8) in section 169,—

(a) for sub-section (4) the following shall be substituted, namely :—

"(4) When anything liable to confiscation under this Act is seized by the appropriate officer under section 168, the Collector of Customs or any other officer of customs authorised by him in this behalf may, notwithstanding the fact that adjudication of the case under section 179, or an appeal under section 193, or a revision under section 196, is pending, cause the thing to be sold in accordance with the provisions of section 201 and

have the proceeds kept in deposit pending adjudication of the case or, as the case may be, disposal of the appeal or revision :

Provided that if the thing seized is any conveyance, it may be sold as aforesaid only if it has been used for smuggling or attempting to smuggle goods notified by the Federal Government under clause 8 of the Table in section 156 :

Provided further that where the owner or person in charge of the conveyance is to be or is being prosecuted in a court of law, such conveyance may not be sold without permission of the court; " and

- (b) in sub-section (5), after the word " adjudication", the words and commas " or, as the case may be, in such appeal or revision " shall be inserted; and

- (9) after section 185, the following new section shall be inserted, namely :—

185 A. Offences to be Tried by special Judges.—(1) The Federal Government may, by notification in the official Gazette, appoint as many special Judges as it may consider necessary, in this section referred to as Special Judge, and where it appoints more than one Special Judge, shall specify in the notification the territorial limits within which each one of them shall exercise jurisdiction.

(2) A Special Judge shall be a person who is or has been or is qualified to be a Session Judge.

(3) Notwithstanding anything contained in any other provision of this Act or in any other law for the time being in force, on the appointment of a Special Judge for any area, an offence punishable under this Act shall be tried exclusively by the Special Judge and all cases pending in any other court in such area immediately before such appointment shall stand transferred to such Special Judge.

(4) The provisions of the Code of Criminal Procedure, 1898 (Act V of 1898), except those of Chapter XXXVIII of that Code, shall apply to the proceedings of the court of a Special Judge and, for the purposes of the said provisions, the court of a Special Judge shall be deemed to be a Court of Session trying cases without the aid of assessors or a jury, and a person conducting prosecution before the court of a Special Judge shall be deemed to be a Public Prosecutor.

(5) For the purposes of sub-section (4), the Code of Criminal Procedure, 1898 (Act V of 1898), shall have effect as if an offence punishable under this Act were one of the offences referred to in sub-section (1) of section 337 of the Code.

(6) A Special Judge shall take cognizance of, and have jurisdiction to try, an offence triable under sub-section (3) only upon a complaint in writing made by such officer of customs, or such other person invested with the powers of an officer of customs, as may be authorised by the Central Board of Revenue in this behalf, by a general or special order in writing."

10. Amendment of Act XXXII of 1934.—The amendments set out in the Second Schedule shall be made in the First Schedule to the Tariff Act, 1934 (XXXII of 1934).

THE FIRST SCHEDULE

(See section 3)

PART I

RATES OF INCOME-TAX

A. In the case of every individual, unregistered firm, an association of persons, Hindu undivided family, and every artificial juridical person referred to in clause (9) of section 2 of the Income-tax Act, 1922 (XI of 1922), not being a case to which paragraph B of this Part applies—

Rates

- | | |
|--|--|
| 1. Where the taxable income does not exceed Rs. 1,000 .. | Rs. 25. |
| 2. Where the taxable income exceeds Rs. 1,000 but does not exceed Rs. 2,000. | Rs. 25 <i>plus</i> 5 per cent of the amount exceeding Rs. 1,000. |
| 3. Where the taxable income exceeds Rs. 2,000 but does not exceed Rs. 4,000. | Rs. 75 <i>plus</i> 10 per cent of the amount exceeding Rs. 2,000. |
| 4. Where the taxable income exceeds Rs. 4,000 but does not exceed Rs. 6,500. | Rs. 275 <i>plus</i> 15 per cent of the amount exceeding Rs. 4,000. |
| 5. Where the taxable income exceeds Rs. 6,500 but does not exceed Rs. 10,000. | Rs. 650 <i>plus</i> 20 per cent of the amount exceeding Rs. 6,500. |
| 6. Where the taxable income exceeds Rs. 10,000 but does not exceed Rs. 15,000. | Rs. 1,350 <i>plus</i> 25 per cent of the amount exceeding Rs. 10,000. |
| 7. Where the taxable income exceeds Rs. 15,000 but does not exceed Rs. 25,000. | Rs. 2,600 <i>plus</i> 35 per cent of the amount exceeding Rs. 15,000. |
| 8. Where the taxable income exceeds Rs. 25,000 but does not exceed Rs. 35,000. | Rs. 6,100 <i>plus</i> 50 per cent of the amount exceeding Rs. 25,000. |
| 9. Where the taxable income exceeds Rs. 35,000 but does not exceed Rs. 50,000. | Rs. 11,100 <i>plus</i> 60 per cent of the amount exceeding Rs. 35,000. |
| 10. Where the taxable income exceeds Rs. 50,000 .. | Rs. 20,100 <i>plus</i> 70 per cent of the amount exceeding Rs. 50,000. |

Provided that—

- (i) no income-tax shall be payable on a total income which before deduction of the sums, if any, exempt under the first and third provisos to sub-section (1) of section 7, section 15, section 15A, section 15AA, section 15C, section 15CC, section 15D, section 15F, section 15H, section 58F and section 58W of the Income-tax Act, 1922 (XI of 1922) does not exceed Rs. 9,000 ;
- (ii) the income-tax payable shall in no case exceed the amount by which the total income exceeds Rs. 9,000, or the amount representing seventy per cent of the total income, whichever amount is the less ; and
- (iii) where the total income includes any income from a share of the income, profits and gains of a firm to which paragraph C of Part II applies, such portion of the super-tax payable under the said paragraph as bears to the total amount of such super-tax the same proportion as his share of income, profits and gains of the firm bears to the total income of the firm shall be added to the income-tax payable by such

partner under this paragraph and, if the sum so arrived at exceeds seventy per cent of the total income of such partner (including his share of income, profits and gains of the firm), the amount of income-tax payable by him under this paragraph shall be reduced by the amount of such excess.

Explanation.—The expression “taxable income”, as used in this paragraph, means—

- (a) in the case of an assessee to whom or to which sub-section (3) of section 3 or clause (a) of sub-section (1) of section 17 of the Income-tax Act, 1922 (XI of 1922), applies, the total income ;
- (b) in any other case, the total income of an assessee as diminished by the allowance admissible under the first and third provisos to sub-section (1) of section 7, section 15, section 15A, section 15AA, section 15C, section 15CC, section 15D, section 15F, section 15H, section 58F and section 58W of the Income-tax Act, 1922 (XI of 1922).

B. In the case of every local authority and in every case in which, under the provisions of the Income-tax Act, 1922 (XI of 1922), income-tax is to be charged at the maximum rate, 30 per cent of the total income.

C. In the case of every company, being a public company or a foreign association declared to be a company by the Central Board of Revenue under clause (5A) of section 2 of the Income-tax Act, 1922 (XI of 1922), on the total income, excluding such part of the total income as consists of any dividends or bonus or bonus shares to which sub-paragraph (3) or sub-paragraph (4) of paragraph A of Part II applies, 30 per cent of such income.

D. In the case of every other company, on the total income, excluding such part thereof as consists of any bonus or bonus shares to which sub-paragraph (4) of paragraph A of Part II applies, 30 per cent of such income.

PART II

RATES OF SUPER-TAX

A. In the case of a company,—

Rates

- (1) on the total income, excluding such part of the total income as consists of dividends or bonus or bonus shares to which sub-paragraphs (3) and (4) apply, where such company is a company to which paragraph C of Part I applies, 35 per cent of such income in the case of a Banking company and 30 per cent of such income in the case of a company other than a Banking Company ;
- (2) on the total income excluding such part of the total income as consists of bonus or bonus shares to which sub-paragraph (4) applies where such company is a company to which sub-paragraph (1) does not apply, 35 per cent of such income in the case of a Banking company and 30 per cent of such income in the case of a company other than a Banking company.

Provided that where a company, in respect of the profits and gains liable to tax under the Income-tax Act, 1922 (XI of 1922), has made such effective arrangements as may be prescribed by the Central Board of Revenue in this behalf for the declaration and payment in Pakistan of dividends payable out of such profits and gains and for the deduction of tax from such dividends, rebate shall be allowed as follows :—

- (i) a rebate of 5 per cent to such company not being a Banking Company if it is a public company ;

- (ii) a rebate of 5 per cent to such company not being a Banking Company if it is a public company to which clause (iii) does not apply, if its paid-up capital *plus* free reserves as on the last day of the previous year does not exceed Rs. 5,00,000 ;
- (iii) a rebate of 5 per cent on so much of the income, profits and gains of such company, being a public company, as are derived by it from an industrial undertaking if its paid-up capital *plus* free reserves as on the last day of the previous year does not exceed Rs. 10,00,000 ;
- (iv) a rebate of 10 per cent to such company in respect of its income, profits and gains to which sub-section (9) of section 10 of the Income-tax Act, 1922 (XI of 1922), applies or which are derived by it in Pakistan from processing, freezing, preserving and canning of food, vegetable, fruit, grain, meat, fish and poultry ;
- (v) a rebate of 15 per cent to such company on so much of the income, profits and gains accruing or arising outside Pakistan to which sub-section (4) of section 3 does not apply as are brought by it into Pakistan.

Explanation.—The term “industrial undertaking”, as used in clause (iii), means an undertaking which is set up or commenced in Pakistan on or after the 14th day of August, 1947, and which employs (i) ten or more persons in Pakistan and involves the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal agency or (ii) twenty or more persons in Pakistan and does not involve the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal agency and which is—

- (i) engaged in—
 - (a) the manufacture of goods or materials or the subjection of goods or materials to any process, which substantially changes their original condition ;
 - (b) ship-building ;
 - (c) generation, transformation, conversion, transmission or distribution of electrical energy, or the supply of hydraulic power ;
 - (d) the working of any mine, oil-well or other source of mineral deposits not being an undertaking to which the Second and Third Schedules to the Income-tax Act, 1922 (XI of 1922), apply ; or
 - (ii) any other industrial undertaking which may be approved by the Central Board of Revenue for the purposes of this clause ;
- (3) to which paragraph C of Part I applies, on the amount representing income from dividends from a company having its registered office in Pakistan.

Rates
Nil.

- (a) Where such dividends are received by a company from a subsidiary company set up in the wing other than the wing in which the holding company has its registered office and carries on business.
- (b) where such dividends are received by a public company to 15 per cent of such amount, which clause (a) does not apply and are declared and paid by a company formed and registered in Pakistan under the Companies Act, 1913 (VII of 1913), or a body corporate formed in pursuance of an Act, of the Federal legislature, in respect of the share-capital issued, subscribed and paid after the fourteenth day of August, 1947.
- (c) in other cases.

20 per cent of such amount.

Explanation.—For the purposes of clause (a), a company shall be deemed to be a subsidiary of another company if that other company holds more than 50 per cent of the face value of the equity share capital of the first mentioned company;

(4) On the whole of the amount representing the face value of any bonus shares or the amount of any bonus issued by the company to its share-holders with a view to increasing its paid-up capital—

Rates

- | | |
|--|---|
| (a) where a company which issues bonus shares or bonus, as the case may be, is a public company. | 15 per cent of such amount. |
| (b) in other cases. | 20 per cent of such amount. |
|
B. In the case of every local authority on the whole of the total income. |
12.5 per cent of the total income. |
| C. In the case of every registered firm— | |
| (1) Where the total income does not exceeds 15,000 | Nil. |
| (2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 30,000. | 5 per cent of the amount exceeding Rs. 15,000. |
| (3) where the total income exceeds Rs. 30,000 but does not exceed Rs. 60,000. | Rs. 750 plus 10 per cent of the amount exceeding Rs. 30,000. |
| (4) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000. | Rs. 3,750 plus 20 per cent of the amount exceeding Rs. 60,000. |
| (5) where the total income exceeds Rs. 1,00,000 | Rs. 11,750 plus 30 per cent of the amount exceeding Rs. 1,00,000. |

Explanation.—The term “registered firm” as used in this paragraph means a firm registered under section 26A of the Income-tax Act, 1922 (XI of 1922), or a firm treated as a registered firm under clause (b) of sub-section (5) of section 23 of the said Act.

“PART III

(See section 4)

RATES OF SURCHARGE

- | | |
|--|---|
| (a) In the case of persons deriving income from the business of manufacture, purchase or sale of jewellery, including gold, silver, precious metals, stones and pearls and ornaments or other articles made thereof. | 6 per cent of such income. |
| (b) In the case of all persons, including those referred to in clause (a) above. | 10 per cent of the income tax and super tax payable by such persons.” |
- 1934
in the
name of article” and

Amended by ACT 71974

"Rate of duty" the corresponding entries in the second and third columns of the said table shall be substituted.

TABLE

Heading No.	Name of article	Rate of duty
1	2	3
08.05	Nuts other than those falling within heading No. 08.01, fresh or dried, shelled or not :	
	A. Betel nuts	Rs. 3.00 per lb.
	B. Other.. .. .	50% <i>ad val.</i>
12.07	Plants and parts (including seeds and fruit) of trees, bushes, shrubs or other plants, being goods of a kind used primarily in perfumery, in pharmacy, or for insecticidal, fungicidal or similar purposes, fresh or dried, whole, cut, crushed, ground or powdered :	
	A. Goods of a kind used primarily in perfumery	75% <i>ad val.</i>
	B. Cinchona bark	Free.
	C. Betel leaves (Paan)	Rs 10 00 per lb
	D. Other	25% <i>ad val.</i>
87.02	Motor vehicles for the transport of persons, goods or materials (including sports motor vehicles, other than those of heading No. 87.09):	
	A-I. New motor cars including station wagons built on car chassis, the value of which :	
	(a) does not exceed Rs. 15,000.00 per vehicle	55% <i>ad val.</i>
	(b) exceeds Rs. 15,000.00 but does not exceed Rs. 25,000.00 per vehicle	100% <i>ad val.</i>
	(c) exceeds Rs. 25,000.00 but does not exceed Rs. 35,000.00 per vehicle	150% <i>ad val.</i>
	(d) exceeds Rs. 35,000.00 per vehicle	200% <i>ad val.</i>
	A-II. Used motor cars including station wagons built on car chassis	The rate applicable to the corresponding new vehicle of the same make.
B.	Four wheel drive (4 × 4) vehicles and station wagons built on truck chassis : vehicles of a type where goods and passenger space is interchangeable or interadjustable and miniature buses	55% <i>ad val.</i>
C.	Other	40% <i>ad val.</i>

ASLAM ABDULLAH KHAN,
Secretary.