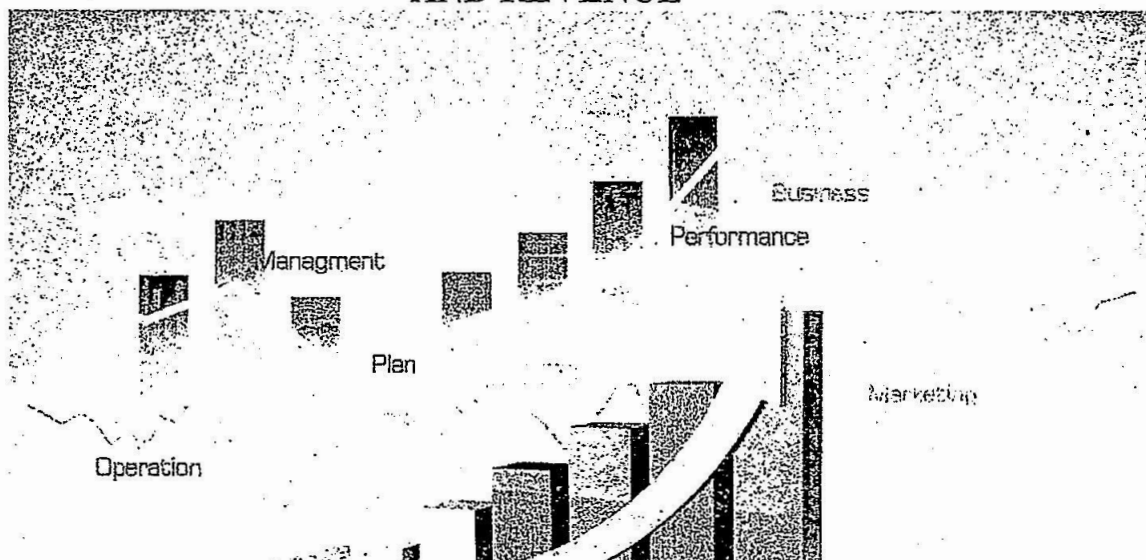


SENATE OF PAKISTAN



REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE



**REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE
AND REVENUE ON "[THE FINANCE (SUPPLEMENTARY)
BILL, 2023]", REFERRED BY THE HOUSE IN ITS SITTING HELD ON
15TH FEBRUARY, 2023**

**PRESENTED BY
SENATOR SALEEM MANDVIWALLA
CHAIRMAN**

SENATE SECRETARIAT

REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE ON "[THE FINANCE (SUPPLEMENTARY) BILL, 2023]", REFERRED BY THE HOUSE IN ITS SITTING HELD ON 15TH FEBRUARY, 2023

I, Senator Saleem Mandviwalla, Chairman of the Senate Standing Committee on Finance and Revenue have the honour to present, on behalf of the Committee, this report on the Money Bill titled "[The Finance (Supplementary) Bill, 2023]", referred by the Senate in its sitting held on 15th February, 2023 to the Committee for consideration and report.

2. The composition of the Committee is as under:

1. Senator Saleem Mandviwalla	Chairman
2. Senator Sherry Rehman	Member
3. Senator Farooq Hamid Naek	Member
4. Senator Musadiq Masood Malik	Member
5. Senator Saadia Abbasi	Member
6. Senator Shaukat Fayaz Ahmed Tarin	Member
7. Senator Mohsin Aziz	Member
8. Senator Faisal Saleem Rehman	Member
9. Senator Syed Shibli Faraz	Member
10. Senator Kamil Ali Agha	Member
11. Senator Syed Faisal Ali Subzwari	Member
12. Senator Muhammad Talha Mahmood	Member
13. Senator Anwar ul Haq Kakar	Member
14. Senator Dilawar Khan	Member
15. Minister for Finance and Revenue	Ex-Officio Member

3. The following members attended the meeting on 16th February, 2023:-

1. Senator Saleem Mandviwalla	Chairman
2. Senator Saadia Abbasi	Member
3. Senator Mohsin Aziz	Member
4. Senator Dilawar Khan	Member
5. Minister of State for Finance and Revenue	Ex-Officio Member


4. The Chairman Committee welcomed the members and participants of the Committee. The officials from FBR briefed the Committee about the overall purpose of the money bill. Senator Mohsin Aziz rejected the Finance (Supplementary), Bill, 2023. According to him it is an aggregation of counterproductive measures that would result in closure of industry and loss of jobs and the burden on masses and poor people would be unbearable.

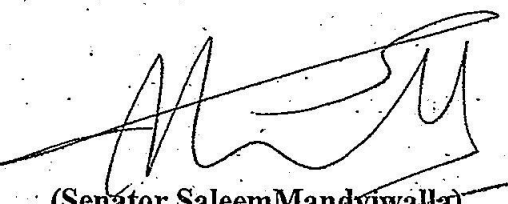
5. The Committee Considered the Finance (Supplementary), Bill, 2023, after clause by clause consideration of the Bill, the Committee by majority proposed the following amendments namely:-

- (i) In the Proposed Clause 2, paragraph (A), sub-para (ii) shall be omitted.
- (ii) In the Proposed Clause 4. -
 - a. In paragraph (a) sub-paragraph (A), in entry (v) in the proposed added table, in column 4, against serial no 59, for the word "ten" the word "five" shall be substituted.
 - b. In paragraph (a) for sub-paragraph (B) the following shall be substituted namely:-

"(B) in Table-II, in column (1), against serial number 3, in column (2), in clause (b), in sub-clause (ii), in column (4), for the words "Fifty thousand rupees", the expression "the ticket costing upto Rs.500,000/- tax will be Rs.50,000, ticket costing (from Rs.500,001 to 1,00,00,000/-) tax will be Rs.100,000/- and Ticket costing more than Rs.10,00,000/- tax will be Rs.200,000/-".

6. The Bill laid in the Senate is placed at Annex-"A".


(Iffat Mustafa)
Secretary Committee


(Senator Saleem Mandviwalla)
Chairman Committee

The **Finance**
(Supplementary) Bill
2023

A

Bill

further to amend certain laws relating to taxes and duties

WHEREAS, it is expedient further to amend certain laws relating to taxes and duties for the purposes hereinafter appearing;

It is hereby enacted as follows—

1. Short title and commencement. – (1) This Bill shall be called the Finance (Supplementary) Bill, 2023.

(2) It shall, unless specified otherwise, come into force at once.

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

(A) in section 3, —

(i) for the word “seventeen”, wherever occurring, the word “eighteen” shall be substituted; and

(ii) in sub-section (2), in clause (a),—

(a) before the existing proviso, the following new proviso shall be inserted, namely: —

“Provided that the Federal Government may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, declare that the tax on goods specified in the Third Schedule shall be collected and

paid at such higher rate or rates on the retail price thereof, as may be specified in the said notification.”; and

(b) in the existing proviso, after the word “Provided”, the word “further” shall be inserted;

(B) in the Eighth Schedule, in column (1);—

(i) against serial number 47, in column (4), for the expression “17%”, the expression “18%” shall be substituted; and

(ii) against serial number 56, in column (4), for the expression “17%”, the expression “18%” shall be substituted; and

(C) in the Ninth Schedule, in Table-II, in column (1), against S. No. 1, in column (2), —

(i) against category E, in column (3), for the expression “17%”, the expression “18%” shall be substituted;

(ii) against category F, in column (3), for the expression “17%”, the expression “18%” shall be substituted; and

(iii) against category G, in column (3), for the expression “17%”, the expression “25%” shall be substituted;

3. Amendments in ^{the} Income Tax Ordinance, 2001 (XLIX of 2001). — In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely: —

(a) in section 37, after sub-section (5), the following new sub-sections shall be added, namely: —

"(6) The person acquiring a capital asset, being shares of a company, shall deduct advance adjustable tax from the gross amount paid as consideration for the shares at the rate of ten percent of the fair market value of the shares which shall be paid to the Commissioner by way of credit to the Federal Government, within fifteen days of the payment.

(7) Notwithstanding the provisions of section 68, the value of shares, for the purpose of sub-section (6), shall be the fair market value, as prescribed for sub-section (4) of section 101A, without reduction of liabilities.

(8) The Commissioner may, on application made by the person disposing of the shares, and after making such inquiry as the Commissioner thinks fit, allow to make the payment, without deduction of tax or deduction of tax at a reduced rate.

(9) The provisions of sections 161, 162, entry No. 15 of the Table in section 182, clause (c) of sub-section (1) of section 191 and section 205 shall *mutatis mutandis* apply to the tax deductible and payable under this section.

(10) The person disposing of the capital asset, being shares of a company, shall furnish to the Commissioner within thirty days of the transaction of disposal, the prescribed information or documents, in a statement as may be prescribed:

Provided that the Commissioner may, by notice in writing, require the said person, to furnish information, documents and statement within a period of less than thirty days as specified in the notice.";

- (b) in section 37A, in sub-section (1), in the proviso, for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely: –

"Provided further that this section shall not apply to the disposal of securities made otherwise than through registered stock exchange and

which are not settled through NCCPL and the provisions of section 37 shall apply on such disposal of securities accordingly.”;

- (c) after section 236CA, the following new section shall be inserted, namely: –

“236CB. Advance tax on functions and gatherings. — (1) Every prescribed person shall collect advance tax at the rate specified in Division XI of Part IV of the First Schedule on the total amount of the bill from a person arranging or holding a function in a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose, subject to such conditions or limitations as may be prescribed.

(2) Where the food, service or any other facility is provided by any other person, the prescribed person shall also collect advance tax on the payment for such food, service or facility at the rate specified in Division XI of Part IV of the First Schedule from the person arranging or holding the function.

(3) The advance tax collected under sub-section (1) and sub-section (2) shall be adjustable.

(4) In this section —

(a) “function” includes any wedding related event, a seminar, a workshop, a session, an exhibition, a concert, a show, a party or any other gathering held for such purpose; and

(b) “prescribed person” includes the owner, a leaseholder, an operator or a manager of a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose.”;

- (d) in the First Schedule, in Part IV, after Division XA, the following new Division shall be added, namely: —

“Division XI

Advance tax on functions and gatherings

The rate of tax to be collected under section 236CB shall be 10%. ”;

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

- (a) in the First Schedule, —

(A) in Table-1, in column (1), —

- (i) against serial numbers 4, 5 and 6, in column (4), for the word “Thirteen”, the word “Twenty” shall be substituted;

(ii) against serial number 9, —

- (a) in column (2), for the words “six thousand six hundred and sixty”, the words “nine thousand” shall be substituted; and

- (b) in column (4), for the words “six thousand five hundred”, the words “sixteen thousand five hundred” shall be substituted;

(iii) against serial number 10, —

- (a) in column (2), for the words "six thousand six hundred and sixty", the words "nine thousand" shall be substituted; and
- (b) in column (4), for the words "two thousand and fifty", the words "five thousand and fifty" shall be substituted;
- (iv) against serial number 13, in column (4), for the words "one rupee and fifty paisa", the words "two rupees" shall be substituted;
- (v) after the omitted serial number 58, the following new serial number and entries relating thereto in columns (2), (3) and (4) shall be added, namely: –

"59.	Sugary Fruit juices, syrups and squashes, waters whether or not containing added sugar or artificial sweeteners excluding mineral and aerated waters	Respective headings	Ten percent of retail price."; and
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- (vi) after Table – 1, in the Restriction-3-Minimum Price, for the words "forty-five", the word "sixty" shall be substituted; and
- (B) in Table-II, in column (1), against serial number 3, in column (2), in clause (b), in sub-clause (ii), in column (4), for the words "Fifty thousand rupees", the expression "20% of the gross amount of ticket or Rs. 50,000 per ticket, whichever is higher, on air tickets issued on or after the date of commencement of the Finance (Supplementary) Act, 2023" shall be substituted.

Statement of Objects and Reasons

The purpose of this Bill is to give legislative effect to the taxation proposals of the Federal Government to stabilize the economy in the aftermath of recent flood and shall come into force on the next day of assent given to this Act by the President of Islamic Republic of Pakistan.

Senator Mohammad Ishaq Dar
Minister for Finance and Revenue