



October 31, 2014

## **Guidelines for Financial Institutions on Investment Incentive Scheme**

The Government of Pakistan announced an Investment Incentive Scheme vide SRO No.1065 (I)/ 2013 dated 20<sup>th</sup> December, 2013 (Annex-I). In order to address and mitigate the potential abuse of the Scheme for the purpose of moving funds derived from criminal activities, following guidelines are provided to ensure meticulous compliance of the legal requirements relating to anti-money laundering (AML) and counter-financing of terrorism (CFT):

- (a) The Investment Incentive Scheme announced by the Government of Pakistan does not provide immunity from the application of Anti- Money Laundering Act, 2010. As such, no exemption, in whole or in part, from AML/CFT legal or regulatory measures under the said Act has been given by the Scheme.
- (b) The effective implementation of AML/CFT measures is essential for addressing and mitigating the money laundering and terrorist financing risks. Therefore, the obligations to take legal and regulatory measures including customer due diligence, reporting suspicious transactions and currency transactions to Financial Monitoring Unit (FMU), along with all other AML/CFT measures should be followed in letter and spirit and without any exception.
- (c) Wherever a suspicious activity is noticed as per section 7 of the Anti-Money Laundering Act, 2010, read with the regulations issued thereunder and Red Flag Indicators, financial institutions are required to promptly file Suspicious Transaction Report (STR) on the prescribed format with FMU in accordance with the applicable procedure.

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Government of Pakistan  
Revenue Division  
Federal Board of Revenue  
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Islamabad, the <sup>20th</sup> December, 2013

**NOTIFICATION**  
**(Income Tax)**

S.R.O. 1065(I)/2013.- In exercise of powers conferred by sub-section (2) of section 53 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Government is pleased to direct that the following further amendments shall be made in the Second Schedule to the said Ordinance, namely:-

In the aforesaid Schedule,-

(a) in Part-II, after clause (29), the following shall be added, namely:-

“(30) The rate of tax as specified in column (3), against serial no. 2 in clause (1), in Division I of the Part I of First Schedule to the Ordinance shall be reduced to 5%, for taxable income declared in a return for tax year 2012, filed under clause (87) or (88) of the Part IV of this Schedule.”; and

(b) in Part-IV, after clause (84), the following shall be added, namely:-

“(85) The provisions of section 114(6)(ba) shall not apply to persons availing the benefit as provided in clause (84) who revise their returns before the due date of filing of return, for tax year 2013.

(86) (a) The provisions of section 111 shall not apply to\_

- (i) investment made by an individual in a Greenfield industrial undertaking directly or as an original allottee in the purchase of shares of a company establishing an industrial undertaking or capital contribution in an association of persons establishing an industrial undertaking;
- (ii) investment made by an association of persons in an industrial undertaking; and
- (iii) investment made by a company in an industrial undertaking;

if the said investment is made on or after the 1<sup>st</sup> day of January, 2014, and commercial production commences on or before the 30<sup>th</sup> day of June, 2016.

(b) The concessions given in this clause shall also apply to investment made in:-

- (i) Construction industry in corporate sector.
- (ii) Low cost housing construction in the corporate sector.
- (iii) Livestock development projects in the corporate sector.
- (iv) New captive power plants.
- (v) Mining and quarrying in Thar coal, Balochistan and Khyber Pakhtunkhwa.

(c) The concessions given in sub-clause (a) shall not apply to investment made in:-

- (i) Arms and ammunitions
- (ii) Explosives
- (iii) Fertilizers
- (iv) Sugar
- (v) Cigarettes
- (vi) Aerated beverages
- (vii) Cement
- (viii) Textile spinning units
- (ix) Flour mills
- (x) Vegetable ghee and
- (xi) Cooking oil manufacturing

(d) The term Greenfield industrial undertaking shall include expansion projects for the purposes of this clause.

(e) Immunity under this clause shall not be available to proceeds of crime relating to offences under the following laws:

- (i) Control of Narcotics Substances Act, 1997;
- (ii) Anti Terrorism Act, 1997; and
- (iii) Anti-Money Laundering Act, 2010.

(87) The provisions of sections 182, 205, 177 and 214C shall not apply to an individual, holding an NTN who files a return, as specified in Form "A" below, by twenty eighth day of February, 2014, of the tax years from 2008 to 2012, for which returns have not been filed:

Provided that for each of the tax year, a minimum tax of twenty thousand rupees on the basis of taxable income is paid by the taxpayer:

Provided further that the taxpayer shall not be entitled to claim any adjustment of withholding tax collected or deducted under the Ordinance:

Provided also that the due date of filing of return for tax year 2013, in respect of individuals availing concessions under this clause shall be twenty eighth day of February, 2014.

RETURN OF TOTAL INCOME UNDER CLAUSE 87/88 OF PART-IV OF SECOND SCHEDULE OF THE INCOME TAX ORDINANCE, 2001 (For Individual) FOR TAX YEARS 2008 to 2012		IT-6	
<b>REGISTRATION</b>	1 CNIC <span style="border: 1px solid black; display: inline-block; width: 150px; height: 15px;"></span> Tax Year <span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>		
	2 NTN <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Gender <input type="checkbox"/> Male <input type="checkbox"/> Female		
	3 Applicable Clause <input type="checkbox"/> 87 (NTN holder as on 28-11-2013) <input type="checkbox"/> 88 (NTN obtained after 28-11-2013) Status <input type="checkbox"/> Resident <input type="checkbox"/> Non-Res		
	4 Business Name _____		
	5 Business Address _____		
	Province _____ District _____ City _____		
	6 Principal Activity _____		
	7 Phone No. _____ Electricity No. _____		
	8 Mobile No. _____ Gas Ref. No. _____		
	9 E-Mail _____ Business Start Date _____		
10 Bank Account _____			
Bank _____ City _____ Bank Branch _____ Bank Account Number _____			
<b>TAXABLE INCOME / TAX COMPUTATION</b>	<b>Description</b>	<b>Code</b>	<b>Amount</b>
	11 Business Income [12 - 13 - 14]	3999	
	Net Sales	3103	
	Cost of Sales	3116	
	14 Profit & Loss Expenses	3189	
	15 Salary Income	1999	
	16 a. Capital Gains on immovable Property	49991	
	b. Capital Gains Other than immovable Property	49992	
	17 Other Sources Income/(Loss)	5999	
	18 Income from property	210101	
	19 Total Income u/s 10(a) [11 + 15 + 16(b) + 17]	9099	
	20 Zakat Paid	9121	
	21 WWF Paid	9122	
22 Taxable Income [19 - 20 - 21]	9199		
23 Tax Payable on Taxable Income [Calculate Tax Separately for Sr. # 16(a) and 18, wherever applicable]	9201		
<b>EXEMPT INCOME</b>	24 Salary Income	6101	
	25 Property Income	6102	
	26 Business Income/(Loss)	6103	
	27 Capital Gains/(Loss)	6104	
	28 Agriculture Income	6106	
	29 Foreign Remittance	6107	
	30 Other Sources Income	6105	
<b>TAX PAYMENTS</b>	Tax Paid vide CPR Number given below:		
	31 CPR No. 1 <span style="border: 1px solid black; display: inline-block; width: 150px; height: 15px;"></span> Amount <span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>		
	32 CPR No. 2 <span style="border: 1px solid black; display: inline-block; width: 150px; height: 15px;"></span> Amount <span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>		
33 CPR No. 3 <span style="border: 1px solid black; display: inline-block; width: 150px; height: 15px;"></span> Amount <span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>			
<b>WS</b>	34 Wealth Statement attached <input type="checkbox"/> Yes <input type="checkbox"/> Not Applicable		
<b>VERIFICATION</b>	I, _____ holder of CNIC No. _____		
	in my capacity as Self/ Representative (as defined in section 172 of the Income Tax Ordinance, 2001) of Taxpayer named above, do solemnly declare that to the best of my knowledge and belief the information given in this Statement is correct and complete in accordance with the provisions of the Income Tax Ordinance, 2001 and Income Tax Rules, 2002. Date : _____ <span style="float: right;"><u>Signature</u></span>		
<b>ACKNOWLEDGEMENT</b>	<b>Signature &amp; Stamp</b> of Receiving Officer with Date		

Note-1 : Individuals desirous of claiming or declaring more details should file IT-2 Return for each year separately.

(88) The provisions of sections 182, 205, 177 and 214C shall not apply to an individual, if the individual files a return or returns, as prescribed for this clause, by twenty eighth day of February, 2014 for any or all of the tax years from 2008 to 2012, and

- (i) has not filed any return for the last five years;
- (ii) is not an NTN holder as on 28<sup>th</sup> day of November, 2013;
- (iii) declares taxable income for the year which exceeds the amount on the basis of which, tax payable is twenty five thousand rupees or more; and
- (iv) has paid the tax on the basis of taxable income declared in the return or returns:

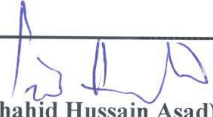
Provided that concession under this clause shall only apply for the tax year or years, for which the returns have been filed and for equal number of succeeding consecutive tax years, if tax paid for the succeeding tax years is at least equal to tax paid for tax year 2012:

Provided further that the taxpayers shall not be entitled to claim any adjustment of withholding tax under the Ordinance, collected or deducted during a tax year, for which a return is filed:

Provided also that the due date of filing of return for tax year 2013, in respect of individuals availing concessions under this clause shall be twenty eighth day of February, 2014.”.

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[No. 4(67) ITP/2013]

  
(Shahid Hussain Asad)  
Additional Secretary/  
Member (Inland Revenue Policy)