

Session 23
Sitting 02

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ORDINANCE No.IX OF 2015

AN

ORDINANCE

further to amend certain fiscal laws

WHEREAS it is expedient further to amend certain fiscal laws
for the purposes hereinafter appearing;

AN WHEREAS the Senate and the National Assembly are not
in session and the President is satisfied that circumstances exist which
render it necessary to take immediate action;

NOW THEREFORE, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of the Islamic Republic of Pakistan, the President is pleased to make and promulgate the following Ordinance:—

1. **Short title and commencement.**—(1) This Ordinance may be called the Finance (Amendment) Ordinance, 2015.

(2) It shall come into force at once.

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

(1) in section 19,—

(a) in sub-section (1), after the word “Government”, the commas and words “, pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in duties, development of backward areas and implementation of bilateral and multilateral agreements” shall be inserted; and

(b) after sub-section (3), the following new sub-sections shall be added, namely:—

“(4) The Federal Government shall place before the National Assembly all notifications issued under this section in a financial year.

(5) Any notification issued under sub-section (1) shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued.”; and

(2) section 20 shall be omitted.

3. **Amendment of Sales Tax Act, 1990.**—In the Sales Tax Act, 1990, the following amendments shall be made, namely:—

(1) in section 3, in sub-section (2), for clause (b), the following shall be substituted, namely:—

“(b) the Federal Government may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette,

declare that in respect of any taxable goods, the tax shall be charged, collected and paid in such manner and at such higher or lower rate or rates as may be specified in the said notification.”; and

(2) in section 13,—

(a) in sub-section (2),—

(i) in clause (a), after the word “may”, the commas and words “, pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, development of backward areas and implementation of bilateral and multilateral agreements” shall be inserted; and

(ii) clause (b) shall be omitted; and

(b) after sub-section (3), the following new sub-sections shall be added, namely:—

“(4) The Federal Government shall place before the National Assembly all notifications issued under this section in a financial year.

(5) Any notification issued under sub-section (2) shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued.”.

4. **Amendment of Income Tax Ordinance, 2001 (XLIX of 2001).—**
In the Income Tax ordinance, 2001 (XLIV of 2001), in section 53,—

(1) in sub-section (2), after the word “time”, occurring for the second time, the commas and words “, pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, development of backward areas and implementation of bilateral and multilateral agreements” shall be inserted; and

(2) after sub-section (3), the following new sub-section shall be added, namely:—

“(4) Any notification issued under sub-section (2) shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued.”

5. **Amendment of Federal Excise Act, 2005.**—In the Federal Excise Act, 2005, in section 16,—

(1) in sub-section (2), after the word “may”, the commas and words “, pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in duties, development of backward areas and implementation of bilateral and multilateral agreements” shall be inserted;

(2) sub-section (3) shall be omitted;

(3) in sub-section (4), for the words, figures and brackets “sub-sections (2) and (3)”, the word, figure and brackets “sub-section (2)” shall be substituted; and

(4) after sub-section (4), amended as aforesaid, the following new sub-sections shall be added, namely:—

“(5) The Federal Government shall place before the National Assembly all notifications issued under this section in a financial year.

(6) Any notification issued under sub-section (2) shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued.”

STATEMENT OF OBJECTS AND REASONS

Statutory Regulatory Orders have been issued in the past to give concessions to special interest groups and sectors. This creates distortions in the tariff, becomes a barrier to entry and leads to discretion. The Government of Pakistan is now committed to introduce necessary legislation to permanently prohibit the practice of issuing SROs for granting concessions/exemptions in duty and tax structures. The aim is to bring transparency, certainty and long term stability in economic policy and in this regard the fiscal laws have been amended.

2. The proposed legislation is intended to subject the issuance of SROs by Federal Government with the approval of ECC of the Cabinet and that too only in specific circumstances. Furthermore, the legislation would require the Federal Government to place before the National Assembly of Pakistan all exemptions/concessions of duty and taxes granted by it through notifications in a financial year at the time of annual Budget. The notifications issued during a financial year shall stand rescinded at the end of that year.

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