

**GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE**

C.No.1(46)WHT/2006.


Islamabad, the 6th August,2008.

To:

Mr. Muhammad Muzzammil Hussain,
Chairman, Taxation Committee,
Towel Manufacturers' Association of Pakistan,
TMA House, 77-A.S.M.C.H.S.
Karachi-74400.

Subject: REMOVAL OF INCOME TAX IN ELECTRICITY BILLS

The undersigned is directed to refer to your letter No. 1258/TMA, dated 28th July, 2008 on the above subject and say that Board has already intimated KESC (Copies enclosed) that no tax on electricity bills shall be deducted from five sectors notified vide clause (66) of Part-IV of Second Schedule to the Income Tax Ordinance 2001.



(MOHAMMED IMTIAZ)
Secretary (Withholding Tax)
Ph:/Fax# 051-9201448

Encl: (as above)

Government of Pakistan
Federal Board of Revenue
(Revenue Division)

C.No.4(1)ITP/2008-166

dated the July 23, 2008

To : Mr. Pervez Musani,
G. M. (Corporate Taxation),
Karachi Electric Supply Company Limited,
13th Floor, State Life Building,
Abdullah Haroon Road, Saddar,
Karachi.

**SUBJECT: EXEMPTION FROM WITHHOLDING TAX ON
ELECTRICITY BILLS UNDER CLAUSE (66) OF THE
PART-IV OF THE SECOND SCHEDULE READ WITH
SECTION 235 OF THE ORDINANCE IN THE CASE OF
MANUFACTURER-CUM-EXPORTERS – FALLING
UNDER PTR.**

Kindly refer to above.

The undersigned is directed to inform that the government vide the Finance Act, 2008, has made certain changes in the Division IV of the Part-IV of the First Schedule to the Income Tax Ordinance, 2001. These are as follows-

- (a) The rate of collection of tax under section 235 read with Division IV of the Part IV of the First Schedule to the Ordinance, where electricity bill did exceed Rs. 20,000 per month was Rs. 2000. The same has been revised (which is the only change in the rates of collection of tax u/s 235) and the new rate fixed is 10% (Copy enclosed) for the period starting from July 01, 2008 onwards. It is, therefore, requested that necessary changes in the KESC software system of bill generation and collection of tax may please be made so that correct collection of tax is ensured in the cases falling in this category.

4

(93)

(b) The other major change is that the government has granted exemption under clause (66) of the part IV of the second schedule (Copy enclosed) from the withholding tax payable under section 235, to certain class of persons who are manufacturer- cum-exporters of—

- (i) Carpets;
- (ii) Leather and articles thereof including artificial leather footwear;
- (iii) Surgical goods;
- (iv) Sports goods; and
- (v) Textile and articles thereof.

2. The undersigned is directed to enclose the list of such cases and request that no tax under section 235 of the Income tax Ordinance, 2001, shall be withheld from these cases on the electricity consumed from July 01, 2008, onwards and till further orders.

Encl: "As above"



(Ali Husnain)
Secretary (IT Policy)
Ph : 9205561

Copy for information to the—

D G, Regional Tax office, Karachi

w.r.to his letter NoSO-I/DG/RTO/KHI/2007-08, dated 21.07.08 (received on 23-7-2008) with a request to please coordinate with the KESC authorities and ensure to provide any information requested by them so that the taxpayer who fall in the zero rated category and qualify for the purposes of clause (66) should not suffer any WHT on the electricity bills.

Government of Pakistan
Federal Board of Revenue
(Revenue Division)

(8) (3)

C.No.4(1)ITP/2008/FBR/E-dox-

dated the July 22, 2008

**THE DIRECTOR FINANCE,
WATER AND POWER DEVELOPMENT AUTHORITY,
WAPDA HOUSE,
LAHORE.**

**SUBJECT:- EXEMPTION FROM WITHHOLDING TAX ON ELECTRICITY
BILLS UNDER CLAUSE (66) OF THE PART-IV OF THE SECOND
SCHEDULE READ WITH SECTION 235 OF THE ORDINANCE IN
THE CASE OF MANUFACTURER-CUM-EXPORTERS —
FALLING UNDER PTR.**

Kindly refer to above.

In continuation of this office's letter of even number dated July 21, 2008 on the subject, the undersigned is directed to enclose the list of cases pertaining to the DG RTO, Lahore, and request that no tax under section 235 of the Income tax Ordinance, 2001, shall be withheld from these cases for the electricity consumed from July 01, 2008, onwards and till further orders.

Encl: "As above"



(Ali Husnain)
Secretary (IT Policy)
Ph : 9205561

Copy for information to the—

D G, Regional Tax office, Lahore

w.r.to; his letter No RTO/SO-III/R-Misc/646 dated July 22, 2008 with the request that the electricity consumer number of each taxpayer should be provided to WAPDA immediately ensuring that no tax is withheld in any case qualifying under clause (66) of Part IV of the 2nd Schedule for the month of July paid August 2008.

Government of Pakistan
Federal Board of Revenue
(Revenue Division)

(69)

C.No.4(1)ITP/2008/FBR/E-dox-123741-R dated the July ²¹ 10, 2008

THE DIRECTOR FINANCE,
WATER AND POWER DEVELOPMENT AUTHORITY,
WAPDA HOUSE,
LAHORE.

SUBJECT: EXEMPTION FROM WITHHOLDING TAX ON
ELECTRICITY BILLS UNDER CLAUSE (66) OF THE
PART-IV OF THE SECOND SCHEDULE READ WITH
SECTION 235 OF THE ORDINANCE IN THE CASE OF
MANUFACTURER-CUM-EXPORTERS — FALLING
UNDER PTR.

Kindly refer to above.

The undersigned is directed to inform that the government vide the Finance Act, 2008, has made certain changes in the Division IV of the Part-IV of the First Schedule to the Income Tax Ordinance, 2001. These are as follows-

- (a) The rate of collection of tax under section 235 read with Division IV of the Part IV of the First Schedule to the Ordinance, where electricity bill did exceed Rs. 20,000 per month was Rs. 2000. The same has been revised (which is the only change in the rates of collection of tax u/s 235) and the new rate fixed is 10% (Copy enclosed) for the period starting from July 01, 2008 onwards. It is, therefore, requested that necessary changes in the WAPDA software system of bill generation and collection of tax may please be made so that correct collection of tax is ensured in the cases falling in this category.

1

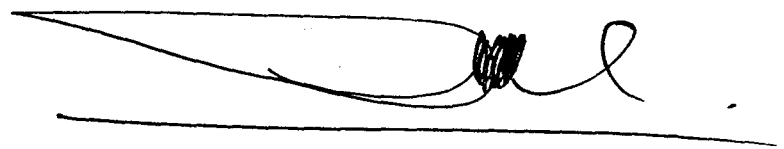
(68)

(b) The other major change is that the government has granted exemption under clause (66) of the part IV of the second schedule (Copy enclosed) from the withholding tax payable under section 235, to certain class of persons who are manufacturer- cum-exporters of—

- (i) Carpets;
- (ii) Leather and articles thereof including artificial leather footwear;
- (iii) Surgical goods;
- (iv) Sports goods; and
- (v) Textile and articles thereof.

2. The undersigned is directed to enclose the list of such cases (which is region-wise) and request that no tax under section 235 of the Income tax Ordinance, 2001, shall be withheld from these cases from July 01, 2008, onwards and till further orders.

Encl: "As above"



(Ali Husnain)
Secretary (IT Policy)
Ph : 9205561

Copy for information to the—

1.	D G, Large Taxpayers Unit, Isad.	w.r.to; his letter No DG/LTU /2008/1773 dated 03.06.08
2.	D G, Large Taxpayers Unit, Lahore	w.r.to; his letter No (I.P7)/LTU /4720 dated 07.06.08
3.	D G, Regional Tax office, Peshawar	w.r.to; his letter No TO(PP)/IPD(03)/2007/3041 dated 06.06.08
4.	D G, Regional Tax office, Gujranwala	w.r.to; his letter No J-24(Main)/2007-08/1415/J. dated 07.06.08
5.	D G, Regional Tax office, Sialkot	w.r.to; his letter No Misc(5)/07-08/2443/I&E.BR dated 13.06.08
6.	D G, Regional Tax office, Faisalabad	w.r.to; his letter No DG/RTO/FSD//F-48(24)Vol-III/4554 dated 23.06.08
7.	D G, Regional Tax office, Multan	w.r.to; his letter No6227. dated 09.06.08