

Government of Pakistan
(Revenue Division)
Federal Board of Revenue

C.No. ITP/B-2009-10 (165)

Islamabad, the August 18, 2009

Circular No. 6 of 2009
(Income Tax)

Subject: **Clarification of Amendments in sub-section (6) of Section 153 of the Income Tax Ordinance, 2001 Brought Through Finance Act, 2009.**

Certain representations received from various taxpayers show that the amendments, introduced in section 153 of the Income Tax Ordinance, 2001 through Finance Act, 2009, are being construed as to mean that all services rendered, whether by corporate taxpayers or otherwise, now fall in the scope of minimum tax regime in terms of sub-section (6) thereof and as such the eligibility of the corporate sector to obtain exemption certificate from the applicability of these provision stands abolished.

2. Matter has been examined in the light of relevant provisions of law and it is clarified that this interpretation is not based on correct interpretation of law. The amendments, made vide Finance Act, 2009, in section 153, modify the provisions of second proviso to sub-section (6) to the effect that henceforth the services rendered by the non-corporate taxpayers stand excluded from the ambit of final tax regime and through another proviso the tax deducted under section 153(1)(b) is to be treated as minimum tax. Previously such services remained subject to final tax pursuant to exclusion of corporate sector from its ambit through first proviso to sub-section (6). The position for services rendered by the corporate sector remains unchanged even after the recent amendments as services rendered/provided by corporate sector remain outside the scope of both the final tax regime as well as the minimum tax regime of section 153 of the Income Tax Ordinance.

3. Minimum tax as provided under section 113 is, therefore applicable to the resident companies accordingly.

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