

**Brief Comments on Various Amendments in Income
Tax Rules, 2002 made through SRO 754(I)/2016**

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O 754, dated August 15, 2016 has made various amendments / insertions in Income Tax Rules 2002.

These amendments in Income Tax Rules vide SRO 754 dated August 15, 2016 is the confirmation of draft Rules issued vide SRO 497, dated July 20, 2016.

Our brief comments on important amendments in Rules under SRO 754 are as under:

Apportionment of Expenditures

Rule 13

The scope of apportionment of expenses is extended to “deductions and allowances”. From now onwards “Deduction and Allowances” under other sections, allowed in computing taxable income shall also be apportioned according to their class of income.

This rule applies for the purposes of the section 67 “Apportionment of deductions” of the Income Tax Ordinance, 2001, which provides guidelines for apportionment of the Expenditure, Deduction and Allowances incurred for more than one purposes of class of business.

Maintenance of Records by Business Individuals other than Companies

Rule 30

In case of non NTN holders, mentioning of CNIC on invoice is made mandatory for all taxpayers.

As per provisions of Rule 30, the following persons were under legal obligation to show/ present their name or business name, NTN / STRN, place of business etc. on their invoices/ sales receipts / vouchers etc.

- Taxpayers with Business Income Exceeding Rs. 500,000/- (including wholesalers, dealers, distributors and commission agents)
- Professionals including doctors, advocates and accountants etc.
- Manufacturers (with turnover exceeding Rs. 2.5 Million)

Now under this SRO, every taxpayer, specified above if not having NTN shall mention his CNIC on its invoices/ sales receipts / vouchers etc.

Annual Employer Statement of Tax Collected or Deducted

Rule 44(5)

Furnishing of Annual Statement was abolished vide SRO 1218, dated December 8, 2015.

Under this SRO, new sub rule has been inserted in Rule 44 of the Income Tax Rules, 2002 wherein it is directed to file Annual Employer Statement and the due date for e-Filing of Annual Employer Statement shall be the 31st day of July after the end of financial year.

Earlier, there were two months period for filing of Annual Employer Withholding Tax Statement for Salaries u/s 149.

Electronic E Filing of Return by Individuals

Rule 73(2DD)

New sub rule has been inserted whereby: every individual declaring taxable income of Rs. 1 Million or more for Tax Year 2016 or having turnover of exceeding Rs.50 Million shall be liable to e-file his Income Tax Return and shall also be liable to submit monthly withholding tax statements on the prescribed format.

Individual having turnover of exceeding Rs.50 Million is Withholding Agent under section 153(7).

Renewal / Approval of Non Profit Organization

Rule 214

Earlier, the approval granted under Rule 214 to nonprofit organizations, being NPO was continued for subsequent years, unless withdrawn.

Now, every nonprofit organization shall be required to get the approval of Commissioner, being nonprofit organization in every three years or withdrawn, whichever is earlier.

Disclaimer: Every care has been taken in preparing these comments. These are only brief comments for information without any recourse of liability on us. Contents of law must be referred before relying on these comments. Please seek professional advice before making any decision based on these comments. Your comments and feedback shall be appreciated.

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