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## National Clearing Company of Pakistan Limited

8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi

NCCPL/CM/AUGUST-16/09

August 25, 2016

### AMENDMENTS MADE IN THE FINANCE ACT – 2016-17

Dear Clearing Members,

This is with reference to the amendments made in the Income Tax Ordinance, 2001 through Finance Act 2016. In this regard, the amendments pertaining to the Capital Gain Tax Regime implemented through National Clearing Company of Pakistan Limited (“NCCPL”) are listed below; they shall be effective from July 01, 2016:

➤ **Revision of Holding Period and Tax Rates for Filer and Non-Filer**

Tax rates to be paid under section 37A shall be as follows:

Holding Period	Tax Year 2016 Tax Rate	Tax Year 2017	
		Filer Tax Rate	Non-Filer Tax Rate
Where holding period of a security is less than 12 months	15%	15%	18%
Where holding period of a security is 12 months or more but less 24 months	12.5%	12.5%	16%
Where holding period of a security is 24 months or more but the security was acquired on or after 1 <sup>st</sup> July, 2012 *	7.5%	7.5%	11%
Where the security was acquired before 1 <sup>st</sup> July, 2012 *	-	0%	0%
Future Commodity Contracts executed at Pakistan Mercantile Exchange	-	5%	5%

*\* As per Sindh High Court Order C.P.No. 4199/2015 dated August 10, 2016, this date shall be 1<sup>st</sup> July 2013 instead of 1<sup>st</sup> July 2012.*

Accordingly, Clearing Members are advised to obtain National Tax Number (“NTN”) Certificate from their clients, where available, at the time of account opening and also update such NTN information through Unique Identification Number (“UIN”) mapping database of National Clearing & Settlement System (“NCSS”). Further, while determination of filer status, NCCPL shall consider only those investors as filer, whose NTN appears in the Active Taxpayer List (“ATL”) issued by Federal Board of Revenue from time to time.

➤ **Other proposed changes in Finance Act 2016-17**

1. NCCPL shall be responsible to determine, compute, collect and deposit capital gains tax arising on Capital Gain / loss on redemption of units of open ended mutual funds. The Asset Management Company / companies managing the fund shall be responsible for providing necessary information to NCCPL for computing taxable gain and tax thereon on redemption of units ;



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2. NCCPL shall be responsible to determine, compute, collect and deposit capital gains tax arising on Capital Gain / loss arising through trading of future commodity contracts entered into by the members of Pakistan Mercantile Exchange, whether or not settled by physical delivery. Pakistan Mercantile Exchange shall be responsible to provide information to NCCPL for the purpose of computation and collection of tax.

In addition to above, it is also clarified that entities exempted under clause 47B of part IV of second schedule of the Income Tax Ordinance 2001 (“The Ordinance”), except those exempted under section 100B of the Ordinance, are required to submit specific withholding tax exemption certificate under section 159 of the Ordinance, issued by Commissioner Income Tax.

Please note that there may be further procedural changes in the Capital Gain Tax “CGT” System after promulgation of corresponding amendments in the Income Tax Rules, 2002 in relation to the above mentioned provisions that are pending to date. Any such subsequent material changes shall be duly communicated.

For any further queries or concerns, please feel free to contact the Customer Support Services of your respective locations.

City	Telephone Number	UAN Number	Fax Number
Karachi	021-32460811-19 Ext. 214, 217 & 218 Dir. 021-32438531-32-33	021-111-111-622	021-32462825
Lahore	042-36280815-7		042-36280818
Islamabad	051-2895460-62		051-2895463

Regards,

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**Rehan Saif**  
**Head of PD & CSS**

CC:

1. Executive Director - Policy, Regulation and Development Department - SMD  
Securities & Exchange Commission of Pakistan - Islamabad
2. Member Inland Revenue - Federal Board of Revenue
3. Managing Director - Pakistan Stock Exchange Limited
4. Chief Executive Officer - Central Depository Company of Pakistan Limited
5. Managing Director - Pakistan Mercantile Exchange Limited
6. Chief Executive Officer - Mutual Fund Association of Pakistan