

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

Islamabad, the 9th February, 2018

NOTIFICATION
(Income Tax)

S.R.O. 144(I)/2018.-In exercise of the powers conferred by sub-section (1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Income Tax Rules, 2002, the same having been previously published *vide* Notification No. S.R.O. 99(I)/2018, dated the 31st January, 2018, as required by sub-section (3) of the said section, namely:-

In the aforesaid Rules, in Chapter VIA,-

(1) in rule 27A,-

(a) in sub-rule (2), after the word "the", occurring for the second time, the words "Board and the" shall be inserted; and

(b) in sub-rule (4),-

ii) in clause (c), in sub-clause (iii), the following explanation shall be added, namely:—

*"Explanation.—*The expression "constituent entity resident in Pakistan" wherever appearing in this Chapter shall include permanent establishment in Pakistan of a non-resident person."*;*

iii) for clause (e), the following shall be substituted, namely:-

"(e) "entity" means a company or an association of persons;"

iv) clauses (j), (k), (l), (m) and (n) shall be re-numbered as (k), (l), (m) (n) and (o) respectively and after clause (i) a new clause (j) shall be inserted, namely:-

"(j) "related party" means an associate as defined in section 85 of the Ordinance."*;*

(2) in rule 27B and 27C for the word "fifteenth", wherever appearing, the words "twenty eighth" shall be substituted;

- (3) in rule 27C, in the proviso, for full stop at the end, a colon shall be substituted and thereafter the following second proviso shall be added, namely:-

“Provided further that a constituent entity, being a surrogate parent entity, shall furnish to the Board, on or before the date the surrogate parent entity is required to file return under section 118, the details of the ultimate parent entity of the MNE group and the country or territory of which the said entity is resident.”;

- (4) in rule 27D, in sub-rule (3), for full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that the provisions of this chapter shall not apply to tax year 2017 if it commences before first day of January, 2016.”;

- (5) in rule 27E, in the proviso, for full stop at the end a colon shall be substituted and thereafter the following second proviso shall be added, namely:-

“Provided further that the provisions of this rule shall not apply to a constituent entity if the ultimate parent entity or the surrogate parent entity of the constituent entity is not required to file country-by-country report in its jurisdiction of residence only for the reason that as per rules of the jurisdiction of the ultimate parent entity or the surrogate parent entity, total consolidated group revenue, in near equivalent amount in domestic currency, is less than seven hundred and fifty million euros.”;

- (6) in rule 27F, in clause (c), for the figures “27D” the figures “27B” shall be substituted;

- (7) in rule 27G,-

(a) in sub-rule (1), in the proviso,-

- (i) for the expression “by thirty first day of March, 2018” the words “not later than fifteen months after the last day of the reporting fiscal year of the MNE group” shall be substituted; and
- (ii) for full stop at the end a colon shall be substituted and thereafter the following second proviso shall be added, namely:-

“Provided further that where the country-by-country report is required to be filed under rule 27E and notification of systemic failure has been received by the constituent entity, the said period of twelve months shall

be further extended by forty-five days, from the date of receipt of the notification.”;

(b) in sub-rule (2), in the proviso, for the expression “by thirtieth day of June, 2018” the words “not later than eighteen months after the last day of the reporting fiscal year of the MNE group” shall be substituted; and

(c) after sub-rule (2), amended as aforesaid, the following new sub-rule shall be added, namely:-

“(3) This rule shall not have effect for tax year 2017 in respect of constituent entity required to file country-by-country report under rule 27E provided that the information required to be furnished under rule 27B, 27C or under first proviso to sub-rule (1) of rule 27E, as the case may be, has been furnished to the Board.”; and

(8) after rule 27O, the following new rules shall be added, namely:-

“**27P.** Where any time or period has been specified under any of the rules in this Chapter, within which any document, information, file or report is required to be furnished to the Board by certain persons, the Board may, on an application filed by the person, permit through an order in writing, such person to furnish documents, information, files or reports, as the case may be, within such time or period as the Board may consider appropriate subject to such limitations or conditions as may be specified in the order.

27Q. Documents, reports, information and details required to be furnished under Part II of this Chapter by electronic transmission using the specified software in accordance with the specified format or any other requirements including safety valve, security and verification considerations as may be specified by the Federal Board of Revenue from time to time:

Provided that till the time such specified software in accordance with the specified format or any other requirements is developed or procured and installed, the documents, reports, information and details shall be furnished electronically *via* electronic mail on electronic mail address, namely, cbcr@fbr.gov.pk.”;

[F.No. 7(21) TPU/2017]


(Sajida Kausar)
Secretary (Transfer Pricing Unit)