

INCOME TAX ORDINANCE, 2001 AMENDED UPTO 30.06.2017

CHAPTER VII INTERNATIONAL

[...]

PART IV AGREEMENTS FOR THE AVOIDANCE OF DOUBLE TAXATION AND PREVENTION OF FISCAL EVASION

107. Agreements for the avoidance of double taxation and prevention of fiscal evasion. —

¹[²—(1) The Federal Government may enter into a tax treaty, a tax information exchange agreement, a multilateral convention, an inter-governmental agreement or similar agreement or mechanism for the avoidance of double taxation or for the exchange of information for the prevention of fiscal evasion or avoidance of taxes including automatic exchange of information with respect to taxes on income imposed under this Ordinance or any other law for the time being in force and under the corresponding laws in force in that country and may, by notification in the official Gazette, make such provisions as may be necessary for implementing the said instruments. ;] and]

³—(1A) Notwithstanding anything contained in any other law to the contrary, the Board shall have the powers to obtain and collect information when solicited by another country under a tax treaty, a tax information exchange agreement, a multilateral convention, an inter-governmental agreement, a similar arrangement or mechanism.]

⁴[(1B) Notwithstanding the provisions of the Freedom of Information Ordinance, 2002 (XCVI of 2002), any information received or supplied, and any concomitant communication or correspondence made, under a tax treaty, a tax information exchange agreement, a multilateral convention, a similar arrangement or mechanism, shall be confidential ⁵[].

(2) Where any agreement is made in accordance with sub-section (1), the agreement and the provisions made by notification for implementing the agreement shall, notwithstanding anything contained in any law for the time being in force, have effect in so far as they provide for ⁶[at least one of the following] –

(a) relief from the tax payable under this Ordinance;

¹ The sub-section (1) substituted by Finance Act, 2015. Substituted sub-section (1) read as follows:—(1) The Federal Government may enter into an agreement with the government of a foreign country for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income imposed under this Ordinance and under the corresponding laws in force in that country, and may, by notification in the official Gazette make such provisions as may be necessary for implementing the agreement.

² Sub-section (1) substituted by the Finance Act, 2016. The substituted sub-section (1) reads as follows:—(1) The Federal Government may enter into an agreement, bilateral or multilateral with the government or governments of foreign countries or tax jurisdictions for the avoidance of double taxation and the prevention of fiscal evasion and exchange of information including automatic exchange of information with respect to taxes on income imposed under this Ordinance or any other law for the time being in force and under the corresponding laws in force in that country, and may, by notification in the official Gazette, make such provisions as may be necessary for implementing the agreement.

³ Inserted by the Finance Act, 2015

⁴ Inserted by the Finance Act, 2015

⁵ The expression —subject to sub-section (3) of section 216 omitted by the Finance Act, 2016

⁶ Inserted by the Finance Act, 2016.

- (b) the determination of the Pakistan-source income of non-resident persons;
- (c) where all the operations of a business are not carried on within Pakistan, the determination of the income attributable to operations carried on within and outside Pakistan, or the income chargeable to tax in Pakistan in the hands of non-resident persons, including their agents, branches, and permanent establishments in Pakistan;
- (d) the determination of the income to be attributed to any resident person having a special relationship with a non-resident person; and
- (e) the exchange of information for the prevention of fiscal evasion or avoidance of taxes on income chargeable under this Ordinance and under the corresponding laws in force in that other country.

(3) Notwithstanding anything [contained] in sub-sections (1) or (2), any agreement referred to in sub-section (1) may include provisions for the relief from tax for any period before the commencement of this Ordinance or before the making of the agreement.

[...]

⁷ Inserted by the Finance Act, 2016.

CHAPTER X PROCEDURE

[...]

PART V ADVANCE TAX AND DEDUCTION OF TAX AT SOURCE

[...]

Division IV

General Provisions Relating to the Advance Payment of Tax or the Deduction of Tax at Source

[...]

⁸[165B. Furnishing of information by financial institutions including banks.—

(1) Notwithstanding anything contained in any law for the time being in force including but not limited to the Banking Companies Ordinance, 1962 (LVII of 1962), the Protection of Economic Reforms Act, 1992 (XII of 1992), the Foreign Exchange Regulation Act, 1947 (VII of 1947) and any regulations made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956) on the subject, every financial institution shall make arrangements to provide information regarding non-resident ⁹[or any other reportable] persons to the Board in the prescribed form and manner for the purpose of automatic exchange of information under bilateral agreement or multilateral convention.

(2) ¹⁰[All] information received under this section shall be used only for tax and related purposes and kept confidential.]

¹¹[(3) For the purpose of this section, the terms "reportable person" and "financial institution" shall have the meaning as provided in Chapter XIIA of the Income Tax Rules, 2002.]

[...]

⁸ Inserted by the Finance Act, 2015.

⁹ Inserted by the Finance Act, 2017.

¹⁰ The word and figure —Subject to section 216, all substituted by the Finance Act, 2016.

¹¹ Added by the Finance Act, 2017