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## **Manufacturers-cum-exporters of KEPZ: WHT on power consumption abolished**

### **RECORDER REPORT**

ISLAMABAD (December 08, 2010) : The Federal Board of Revenue has abolished withholding tax on power consumption by the manufacturers-cum-exporters operating in the Karachi Export Processing Zone (KEPZ). The FBR has facilitated the industrial and commercial consumers of electricity at the KEPZ through an SRO.1099(I)/2010 issued here on Tuesday.

Resultantly, the applicability of advance tax on the amount of electricity bill would not be applicable for manufacturers-cum-exporters of the KEPZ. The provisions of section 235 of the Income Tax Ordinance 2001 shall not be applicable to an industrial undertaking, which is manufacturer-cum-exporter, and situated in the KEPZ.

Following is the text of the notification issued on Tuesday: In exercise of the powers conferred by sub-section (2) of section 53 of the Income Tax Ordinance 2001 (XLIX of 2001), the Federal Government is pleased to direct that the following further amendment shall be made in the Second Schedule to the said Ordinance, namely. In the aforesaid Schedule, in Part-IV, after clause (75) the following shall be added, namely. "(76) The provisions of section 235 shall not be applicable to an industrial undertaking which is manufacturer-cum-exporter, and situated in Karachi Export Processing Zone, which has been declared by the Federal Government as a 'Zone' within the meaning of the Export Processing Zone Authority Ordinance 1980(IV of 1980).

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LUBNA YOUNUS,  
RESEARCH ANALYST  
PHMA

Wednesday, December 08, 2010

**KEPZ industrial units exempted from withholding tax**

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By our correspondent

KARACHI: The Federal Board of Revenue (FBR) on Tuesday exempted withholding tax on electricity consumption to manufacturing units situated at the Karachi Export Processing Zone (KEPZ), according to a notification.

The revenue body said that the provision of withholding tax on electricity consumption would not be applicable to an industrial undertaking, which is manufacture-cum-exporter, and situated in the Karachi Export Processing Zone, which has been declared by the federal government as a 'zone' within the meaning of the Export Processing Zone Authority Ordinance.

Tax officials said that the exemption was provided to the taxpayers to reduce liability and ensure availability of liquidity to exporters.

Under Section 235 to the Income Tax Ordinance, 2001, the Federal Board of Revenue deduct withholding tax on electricity consumption at different rates.

Recently, the revenue body offered a scheme to the taxpayers regarding the section that those taxpayers, who paid advance tax for the full-year, would not be asked to pay withholding tax on electricity consumption.

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GOVERNMENT OF PAKISTAN  
REVENUE DIVISION  
FEDERAL BOARD OF REVENUE  
\*\*\*

Islamabad, the 07 December, 2010.

NOTIFICATION  
(INCOME TAX)

S.R.O. 1099 (I)/2010.- In exercise of the powers conferred by sub-section (2) of section 53 of the Income Tax Ordinance 2001 (XLIX of 2001), the Federal Government is pleased to direct that the following further amendment shall be made in the Second Schedule to the said Ordinance, namely:-

In the aforesaid Schedule, in Part-IV, after clause (75), the following shall be added, namely:-

*"(76) The provisions of section 235 shall not be applicable to an industrial undertaking which is manufacturer-cum-exporter, and situated in Karachi Export Processing Zone, which has been declared by the Federal Government as a 'Zone' within the meaning of the Export Processing Zone Authority Ordinance 1980 (IV of 1980)."*

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