



YOUTH GENERAL ASSEMBLY

**ANALYSIS OF ACTS
OF NATIONAL ASSEMBLY
2018-20**

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Youth General Assembly (YGA) is an autonomous organization dedicated to providing a credible platform that fosters policy and strategy development, equitable administration, and non-traditional legislative activities. YGA empowers young individuals to engage in public discourse on social issues, preparing them to be future ambassadors and democratic leaders. Our mission is to inculcate the qualities of convening and engagement among the youth, expanding their perspective and knowledge of true democracy and parliamentary politics.

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YOUTH GENERAL ASSEMBLY

NATIONAL ASSEMBLY ACTS

ACT NO. 1 ANALYSIS OF FINANCE ACT 2018

Pakistan enacted the Finance Act, 2018, which received the President's assent on May 22, 2018. The Act implements the measures proposed in the 2018/2019 Budget, with certain amendments. The key measures are summarized as follows:

Tax Rate Changes

The Act introduces several changes in tax rates, including:

- A reduction in the corporate tax rate from 30% to 29% for the 2018/19 tax year, with an additional 1% reduction per year, reaching 25% by the 2022/23 tax year.
- A reduction in the corporate tax rate for small companies from 25% to 24% for the 2018/19 tax year, with a further 1% reduction per year, reaching 20% by the 2022/23 tax year.
- A reduction in the super tax rate for non-bank taxpayers with income exceeding PKR 500 million to 2% for the 2018/19 tax year, 1% for the 2019/20 tax year, and 0% from the 2020/21 tax year.
- A reduction in the super tax rate for banking companies to 0% for the 2017/18 tax year, followed by 4% for the 2018/19 tax year, and subsequent reductions to 3% in the 2019/20 tax year and 2% in the 2020/21 tax year.
- Changes to the undistributed profits tax for public companies, reducing the minimum required distribution from at least 40% of after-tax profits within six months of the tax year's end to 20%, and reducing the tax rate from 7.5% to 5% of accounting profits before tax.
- The withdrawal of the 5% withholding tax on the issuance of bonus shares.
- A reduction in the withholding tax on dividends paid by real estate investment trust schemes from 12.5% to 7.5%.

The Finance Act also amends the tax brackets and rates for individuals introduced by the Income Tax (Amendment) Ordinance, 2018 as follows:

- Up to PKR 400,000 – 0%
- Over PKR 400,000 up to PKR 800,000 – PKR 1,000 minimum tax
- Over PKR 800,000 up to PKR 1.2 million – PKR 2,000 minimum tax
- Over PKR 1.2 million up to PKR 2.4 million – 5%
- Over PKR 2.4 million up to PKR 4.8 million – 10%
- Over PKR 4.8 million – 15%

The new tax brackets for associations of persons are amended as follows:

- Up to PKR 400,000 – 0%
- Over PKR 400,000 up to PKR 1.2 million – 5%
- Over PKR 1.2 million up to PKR 2.4 million – 10%
- Over PKR 2.4 million up to PKR 3.6 million – 15%
- Over PKR 3.6 million up to PKR 4.8 million – 20%
- Over PKR 4.8 million up to PKR 6.0 million – 25%
- Over PKR 6.0 million – 30%

Taxation of Gains from the Alienation of Pakistan Assets

New rules have been introduced for taxing gains from the disposal or alienation of assets located in Pakistan by non-resident persons. This includes indirect transfers through the sale of shares or interests in non-resident companies where:

- The shares or interests derive, directly or indirectly, their value primarily from assets located in Pakistan. "Primarily" means that, as of the last day of the tax year preceding the transfer, the fair market value of the assets exceeds PKR 100 million and constitutes at least 50% of the non-resident's total assets.
- The alienated shares or interests represent 10% or more of the non-resident company's share capital.

The acquiring party must deduct tax from the gross consideration at the rate of 10% of the fair market value of the assets and remit it to the tax authority. If the assets are held through a Pakistani resident company, the resident company must collect advance tax, equaling the higher of:

- 20% of the real market value of the assets, less acquisition costs; or
- 10% of the real market value of the assets.

The tax deducted by the acquirer may be credited against the advance tax payable by the resident company. Once the tax is paid by the buyer or the resident company, no additional tax is due from the non-resident.

New CFC Rules

The Act introduces new Controlled Foreign Company (CFC) rules, which require the inclusion of CFC income in the taxable income of Pakistan residents. A non-resident company will be classified as a CFC if:

- More than 50% of its capital or voting rights are held, directly or indirectly, by one or more Pakistan residents, or at least 40% by a single resident.
- The tax paid by the non-resident company, after foreign tax credits, is less than 60% of the tax it would owe if resident in Pakistan.
- The non-resident company does not earn active business income.
- The company's shares are not publicly traded on a recognized stock exchange in its country of tax residence.

A company will be deemed to derive active business income if:

- More than 80% of its income does not come from dividends, interest, property, capital gains, royalties, annuities, transactions with associates, sales of intangibles, or securities management.
- It primarily derives its income under the "income from business" category in its country of residence.

The CFC's income will be attributed to a Pakistani taxpayer based on the formula: $A \times (B/100)$, where:

- A is the CFC's total income.
- B is the percentage of capital or voting rights, whichever is higher, held by the taxpayer.

The attributed income is considered zero if the taxpayer's holding is less than 10%, or if the CFC's income is below PKR 10 million.

Tax on Offshore Digital Services

A new 5% tax is introduced on payments for offshore digital services performed by non-resident persons. These services include:

- Online advertising, including digital advertising space.
- Website design, creation, hosting, or maintenance.
- Digital or cyberspace services for websites, advertisements, emails, blogs, online content, and online data.
- Providing facilities for uploading, storing, or distributing digital content (text, audio, video).
- Online data collection or processing of user information in Pakistan.
- Any online sales of goods or services.

The 5% tax is to be withheld by banking companies and financial institutions that remit payments for offshore digital services on behalf of residents or permanent establishments of non-residents in Pakistan.

Other Changes

Additional changes include:

- The amendment of PE (Permanent Establishment) rules to align with OECD guidelines regarding agency PEs and the splitting-up of contracts to avoid PEs.
- Expanded provisions regarding the tax authority's power to re-characterize income and deductions in cases of tax treaty abuse, including allowing the tax authority to disregard entities or structures lacking commercial substance from tax year 2018 onward.
- The introduction of a limit on the offset of unabsorbed depreciation and amortization to 50% of business income per year, except where taxable income does not exceed PKR 10 million.
- An extension of the 10% tax credit for investments in plant and machinery (for extension, expansion, balancing, modernization, and replacement) until June 30, 2021, as well as 100% tax credits for investments in new industrial undertakings or the expansion of existing undertakings with at least 70% new equity.
- New incentives for film production in Pakistan, including a 70% tax reduction for domestic filmmakers for five years and a 50% tax rebate for foreign filmmakers producing in Pakistan.
- Revisions to the Alternative Dispute Resolution (ADR) mechanism, requiring ADR committee orders to be binding on both the taxpayer and the Federal Board of Revenue (FBR) and issued within 120 days of appointment.

The provisions of the Finance Act, 2018, generally took effect from July 1, 2018.

ACT NO. 2

THE WEST PAKISTAN JUVENILE SMOKING (REPEAL) ACT, 2018

Executive Summary of the Act:

This Act was presented in the National Assembly on Monday, December 10, 2018, by the Minister in charge. The following Act of Majlis-e-Shoora (Parliament) received the President's assent on Tuesday, December 25, 2018, and was published on December 27, 2018. The Law and Justice Commission of Pakistan, in its Report No. 126, discussed the "Repeal of Obsolete and Redundant Legislation" and proposed the repeal of the West Pakistan Juvenile Smoking Ordinance, 1959 (Ordinance No. XII of 1959), in light of the Prohibition of Smoking and Protection of Non-Smokers' Health Ordinance, 2002. This Act is designated as Act No. XXXIX of 2018.

Introduction and Problem Statement:

The Act introduces the following amendments:

1. **Short Title, Extent, and Commencement:** (1) This Act may be called the West Pakistan Juvenile Smoking (Repeal) Act, 2018.
(2) It shall come into force immediately, applicable to the Islamabad Capital Territory.
2. **Repeal:**
The West Pakistan Juvenile Smoking Ordinance, 1959 (Ordinance No. XII of 1959) is hereby repealed.

Background History/Evidence:

The Senate unanimously passed "The West Pakistan Juvenile Smoking (Repeal) Bill, 2018," stating that an identical law, the Prohibition of Smoking and Protection of Non-Smokers' Health Ordinance, 2002, already covers all relevant provisions concerning juvenile smoking.

The Bill, moved by Minister for National Health Services Aamir Mehmood Kiyani, argued that with the enactment of the Prohibition of Smoking and Protection of Non-Smokers' Health Ordinance, 2002, the West Pakistan Juvenile Smoking Ordinance, 1959, had become redundant. Therefore, retaining it was unnecessary.

According to the statement of objects and reasons, the Law and Justice Commission of Pakistan proposed repealing the 1959 Ordinance, given that the 2002 Ordinance already covered its provisions.

In June of that year, the Senate Standing Committee on National Health Services, Regulations, and Coordination approved the Bill. The committee was informed that the 2002 Ordinance made it illegal to sell cigarettes and other smoking substances to individuals under 18 years of age, rendering the 1959 Ordinance obsolete.

Criteria Used in Making of the Act:

This Act aims to repeal the West Pakistan Juvenile Smoking Ordinance, 1959, to the extent of the Islamabad Capital Territory. It was deemed expedient to repeal the Ordinance, given the presence of a

more comprehensive and modern law, the Prohibition of Smoking and Protection of Non-Smokers' Health Ordinance, 2002.

Conclusion:

The West Pakistan Juvenile Smoking Ordinance, 1959, has been repealed to the extent of the Islamabad Capital Territory. The Senate unanimously passed the "West Pakistan Juvenile Smoking (Repeal) Bill, 2018," as the 2002 Ordinance already covers all relevant provisions concerning juvenile smoking. The Bill, moved by the Minister for National Health Services Aamir Mehmood Kiyani, was necessary as the 2002 Ordinance is more modern and comprehensive in its scope, making the 1959 Ordinance redundant.

Smoking has severe adverse effects on young people, and this Act is a step towards eradicating the issue. It is now illegal to sell cigarettes to minors under 18 years of age within Islamabad, and the law provides stringent consequences for those who violate this provision.

ACT NO. 3

THE WEST PAKISTAN PROHIBITION OF SMOKING IN CINEMA HOUSES(REPEAL) ACT, 2019

Executive Summary of the Act:

This Act was presented in the National Assembly on Monday, January 14, 2019, by the Minister in charge. The Act of Majlis-e-Shoora (Parliament) received the President's assent on Thursday, January 31, 2019, and was published in the official gazette on February 6, 2019. The Law and Justice Commission of Pakistan, in its Report No. 126, proposed the repeal of the West Pakistan Prohibition of Smoking in Cinema Houses Ordinance, 1960 (Ordinance No. IV of 1960), in light of the Prohibition of Smoking and Protection of Non-Smokers' Health Ordinance, 2002. This Act is referred to as Act No. I of 2019.

Introduction and Problem Statement:

The following amendments are made through this Act:

1. **Short Title, Extent, and Commencement:** (i) This Act may be called the West Pakistan Prohibition of Smoking in Cinema Houses (Repeal) Act, 2019.
(ii) It shall come into force immediately, applicable to the Islamabad Capital Territory.
2. **Repeal:**
The West Pakistan Prohibition of Smoking in Cinema Houses Ordinance, 1960 (Ordinance No. IV of 1960) is hereby repealed.

Background History/Evidence:

On Monday, the National Assembly unanimously passed the "West Pakistan Prohibition of Smoking in Cinema Houses (Repeal) Bill, 2018," stating that all relevant provisions of the bill were already covered under the Prohibition of Smoking and Protection of Non-Smokers' Health Ordinance, 2002.

The Bill was moved in the House by the Minister for Parliamentary Affairs, Ali Muhammad Khan, on behalf of the Minister for National Health Services, Regulations, and Coordination. The Law and Justice Commission of Pakistan, in its report discussing the "Repeal of Obsolete and Redundant Legislation," had recommended repealing the 1960 Ordinance, given the comprehensive coverage provided by the 2002 Ordinance.

Criteria Used in the Making of the Act:

This Bill seeks to repeal the West Pakistan Prohibition of Smoking in Cinema Houses Ordinance, 1960, specifically within the Islamabad Capital Territory. The rationale behind this repeal is the existence of a more comprehensive law—the Prohibition of Smoking and Protection of Non-Smokers' Health Ordinance, 2002—which already addresses the provisions of the 1960 Ordinance.

Conclusion:

The Bill was moved in the Senate by Minister for National Health Services, Aamir Mehmood Kiyani, who argued that the enactment of the Prohibition of Smoking and Protection of Non-Smokers' Health

Ordinance, 2002, had rendered the 1960 Ordinance redundant, as its provisions were now covered by the 2002 Ordinance. As a result, the retention of the 1960 Ordinance was no longer necessary.

The Minister further explained that the initial application of the 1960 Ordinance did not extend to the Federal Capital, as explicitly stated in the Gazette. This was later amended in 1964, omitting the expression “Federal Capital,” thereby extending its application to the Federal Capital.

ACT NO. 4

ELECTIONS (AMENDMENT) ACT, 2019

Executive Summary of the Act:

This Act was presented in the National Assembly on Monday, March 4, 2019, by Mr. Ali Muhammad Khan, Minister of State for Parliamentary Affairs. The Act of Majlis-e-Shoora (Parliament) received the assent of the President on Friday, March 8, 2019, and was published on February 10, 2019. The existing provision of Section 6(3) of the Elections Act, 2017, authorizes the Election Commission to constitute a bench comprising three or more members of the Commission to hear and decide complaints, applications, petitions, or appeals. However, the Commission has faced significant difficulty in handling the large volume of such cases through a single bench. Therefore, this amendment was introduced to facilitate the creation of more benches to ensure the efficient disposal of complaints, petitions, and appeals. This Act is titled as Act No. II of 2019.

Introduction and Problem Statement:

The following amendments are made through this Act:

1. **Short Title, Extent, and Commencement:** (i) This Act may be called the Elections (Amendment) Act, 2019.
(ii) It shall come into force immediately.
2. **Amendment of Section 6, Act XXXIII of 2017:**
In the Elections Act, 2017 (XXXIII of 2017), in Section 6, Subsection (3), for the word "three," the word "two" shall be substituted.

Background History/Evidence:

Pakistan's new election law, the Elections Act, 2017, has sparked political unrest since its passage in October 2017. Major opposition parties filed petitions in the Supreme Court to nullify the law, while the religious party Tehreek-i-Labbaik Ya Rasool Allah staged protests against the legislation. The protests escalated in late November, resulting in casualties and injuries, ultimately leading to the resignation of Law and Justice Minister Zahid Hamid.

Despite the controversy, the Elections Act represents Pakistan's first significant electoral reform effort since the 1970 direct elections. Although the law has been criticized, largely due to a few provisions, it also introduced numerous positive reforms that could significantly enhance the credibility of Pakistan's elections if properly implemented.

Criteria Used in the Making of the Act:

This Act seeks to amend the Elections Act, 2017, to address issues related to the constitution of benches within the Election Commission. The current provision, which requires three or more members for a bench, has limited the Commission's ability to form more than one bench since the total number of Commission members, including the Chairman, is five. This limitation has caused delays in resolving a large number of complaints, petitions, and appeals. The amendment allows the formation of benches with only two members, enabling the Commission to form multiple benches and speed up the resolution process.

Conclusions:

The amendment to Section 6(3) of the Elections Act, 2017, substitutes the word "three" with "two," allowing the Election Commission to form more than one bench to handle complaints and queries. This amendment, introduced by Ali Muhammad Khan, Minister of State for Parliamentary Affairs, was passed on March 4, 2019, and received the President's assent on March 8, 2019.

The primary objective of this amendment is to reduce the backlog of complaints and petitions filed with the Election Commission by allowing the formation of multiple benches. Previously, only one bench could be formed, as the total number of members, including the Election Commissioner, was limited to five. This caused significant delays in resolving cases, creating frustration among parliamentarians and citizens. With this amendment, the Commission can now form additional benches, expediting the complaint resolution process and bringing relief to both parliamentarians and the public.

While this amendment aims to enhance the efficiency of the Election Commission, there is a need for further reforms to ensure that these improvements benefit ordinary citizens, not just influential individuals. Historically, government institutions in Pakistan have been criticized for prioritizing the grievances of powerful individuals while neglecting the concerns of ordinary citizens. To truly make this reform impactful, the government could consider establishing separate benches for handling complaints from parliamentarians and executives and another for the general public.

In conclusion, while the amendment is a positive step toward speeding up the proceedings of the Election Commission, further steps are needed to ensure that these reforms serve the interests of all citizens, especially those who have traditionally been marginalized by the system.

ACT NO. 5

ANALYSIS OF FINANCE ACT 2019

The Finance Act 2019 introduced several significant changes in Pakistan's tax framework. Among the most notable amendments was the reduction of the tax credit rate for investment in plant and machinery for extension, expansion, balancing, modernization, and replacement (BMR) from 10% to 5% for the tax year 2019.

The Final Tax Regime (FTR) was also converted into the Minimum Tax Regime (MTR) for commercial imports, brokerage and commission, non-resident persons for specific services, local supply of goods, execution of contracts (for both residents and non-residents), and income from CNG stations. However, the Act did not include a mechanism for carrying forward minimum tax over the actual tax liability, a move that has been regarded as particularly harsh.

One of the most impactful changes was the abolition of the "filer" and "non-filer" distinction. Instead, the government introduced the Tenth Schedule, which increased the rate of tax withholding by 100% for individuals not listed in the Active Taxpayers' List (ATL). A mechanism was also introduced allowing withholding agents or individuals from whom tax was to be collected to notify the Commissioner to allow payments without the enhanced rate, provided they had no obligation to submit a return of income or a final taxation statement. The Tenth Schedule also set out the procedure for provisional assessment and penalties if individuals failed to submit their income tax return for the applicable tax year.

Further, any income exceeding imputed income would now be taxed under Section 111 of the Income Tax Ordinance 2001. The Act also introduced the concept of further amendments to provisional assessments.

Late filers were allowed to join the ATL by paying a surcharge at applicable rates. Upon filing returns, taxpayers could claim refunds for any tax withheld that exceeded their actual tax liability. However, refunds would not be issued for periods during which individuals were not listed on the ATL, and these periods would not be considered for additional compensation due to delayed refunds.

The Act also clarified that non-monetary gifts, if not received from immediate family members such as grandparents, parents, spouse, siblings, or children, would be considered "other sources of income" for the recipient. Additionally, commissions paid or payable exceeding 0.2% of the gross amount of supplies for Third Schedule products would not be disallowed, provided the recipient of such commissions was listed in the ATL.

The government also reduced the immunity limit for foreign remittances under Section 111(4) of the Ordinance from Rs. 10 million to Rs. 5 million through banking channels. The Act further mandated that all individuals engaged in any business, profession, or vocation must now display a business license, even if they were not required to obtain an NTN (National Tax Number).

A new subsection (6) was added to Section 8B, stipulating that if a Tier-1 retailer failed to integrate its system with the FBR (Federal Board of Revenue) in the prescribed manner during a tax period or part thereof, its admissible input tax for the period of default would be reduced by 15%.

Additionally, the CNIC requirement for retailers selling goods to ordinary consumers for personal use was waived for transactions valued at Rs. 50,000 or less (including sales tax). The mandatory collection of CNIC details from unregistered buyers was postponed until August 1, 2019, and suppliers would not be penalized for incorrect CNIC numbers provided by buyers in good faith.

In terms of insurance, the exemption for life insurance services provided to individuals for policies covering up to Rs. 500,000 and group life insurance services was withdrawn. Group life insurance services are now taxable at 13%, while insurance policies covering up to Rs. 500,000 are taxed at 3%.

Moreover, newspaper and periodical advertisements, excluding color advertisements and specific black-and-white ads occupying defined space, are now chargeable at 3%. Internet services up to 4 Mbps, along with other services, are now taxed at 19.5%.

Services provided by banking and non-banking financial companies, including those related to Hajj and Umrah, cheque book issuance, and Musharika and Modaraba financing, are now taxable at 13%. Construction and repair services for roads, ports, airports, railways, transport terminals, and bridges provided to the government, including local government and cantonment board buildings, are now taxable at 5%.

Ref: <https://fp.brecorder.com/2019/07/20190712496552/>

ACT NO. 6

THE ELECTIONS (SECOND AMENDMENT) ACT, 2019

Executive Summary of the Act:

This Act was presented in the National Assembly on Thursday, April 25, 2019, by Mr. Ali Muhammad Khan, Minister of State for Parliamentary Affairs. The Act received the assent of the President on Friday, May 14, 2019, and was officially published on May 16, 2019. Pursuant to the 25th Constitutional Amendment, the Election Commission of Pakistan (ECP) was obliged to conduct elections for 16 general seats for the erstwhile Federally Administered Tribal Areas (FATA), including the Frontier Regions, to join the Provincial Assembly of Khyber Pakhtunkhwa (KPK) before July 25, 2019. However, the ECP faced challenges in delimiting the six ex-Frontier Regions, which had been merged with adjoining districts by the provincial government.

Introduction and Problem Statement:

The Act introduces the following amendments:

1. **Short Title, Extent, and Commencement:** a. This Act may be called the **Elections (Second Amendment) Act, 2019**.
b. It shall come into force immediately.
2. **Amendment of Section 20, Act XXXIII of 2017:**
In the Elections Act, 2017 (XXXIII of 2017), in Section 20, after sub-section (2), the following new sub-section shall be inserted:
(2A) "For the purpose of delimiting constituencies for the general seats of the Provincial Assembly of Khyber Pakhtunkhwa for Tribal Areas, two or more separate areas may be grouped into one constituency for the elections to be held in 2019 and related by-elections. Thereafter, this sub-section shall stand omitted."

Background History/Evidence:

The National Assembly passed the Elections (Second Amendment) Bill, 2019 on April 25, 2019. The bill, moved by Pakistan Tehreek-e-Insaf (PTI) Minister Ali Muhammad Khan, sought to amend sub-section (3) of Section 6 of the Elections Act, 2017, which mandated that benches of the Election Commission must consist of three or more members. However, since the total number of members in the ECP, including the Chairman, is only five, the provision was delaying the resolution of complaints and petitions. To expedite the process, the amendment reduced the required number of bench members to two.

Section 6: Delegation of Powers

1. The Commission may authorize the Commissioner, any of its members, or any officers of the Commission to exercise and perform its powers and functions under this Act.
2. The Commissioner shall exercise powers relating to the appointment of officers and staff, as well as determine their terms and conditions of employment.
3. The Commissioner shall constitute benches comprising three or more members of the Commission to hear and decide complaints, applications, petitions, or appeals.

4. The decision of a Bench shall be deemed a decision of the Commission, except where a difference of opinion among the members necessitates referral to the full Commission for resolution.

Criteria Used in Making the Act:

This Act aims to further amend the Elections Act, 2017, particularly in the context of elections for the Provincial Assembly of Khyber Pakhtunkhwa. Given the integration of FATA into KPK after the 25th Constitutional Amendment, the amendment enables the grouping of non-contiguous areas into one constituency for elections. This step was essential to address the difficulties in delimiting constituencies for the tribal areas, ensuring that elections were conducted in a timely manner.

Conclusions:

The Elections (Second Amendment) Act, 2019 allows the Election Commission to group separate areas into one constituency for the general seats of the KPK Provincial Assembly representing the Tribal Areas. This amendment was introduced by Ali Muhammad Khan and passed on April 25, 2019, receiving the President's assent on May 14, 2019.

The main objective of this amendment was to provide representation and rights to the people of the erstwhile FATA by integrating them into the KPK Provincial Assembly. This landmark constitutional change was part of the 25th Amendment, signed by former President Mamnoon Hussain on May 31, 2018. Elections were held on July 20, 2019, enabling the formation of the 11th Provincial Assembly with representatives from FATA.

This legislative effort was crucial in giving the people of FATA political representation and a voice in the provincial government. While PTI took credit for successfully conducting the elections, the move was part of a long-standing process initiated by the previous government. Despite the success in holding elections, it remains a challenge to fully integrate the region and address the socio-economic issues facing FATA.

From a political standpoint, this step was significant, as it brought FATA closer to political integration with KPK. However, with only 16 members representing a vast region in the 115-member Provincial Assembly, their influence may remain limited. As mentioned in *The Tribune*, tensions may arise if these members are sidelined in decisions regarding budget allocations for the tribal areas, particularly given the PTI government's announcement of Rs. 100 billion to be spent this year, with a total of Rs. 1000 billion allocated for the next 10 years.

In my opinion, while this amendment is a positive political milestone, its practical significance for the tribal population remains limited. To ensure the rights and representation of the people of FATA, their voices should be given greater weight in legislative decisions. Additionally, creating separate mechanisms for addressing the unique needs of the tribal areas would further enhance the integration process and ensure that this historic step leads to tangible improvements in the lives of the people.

ACT NO 8

HEAVY INDUSTRIES TAXILA BOARD (AMENDMENT) ACT, 2019

Executive Summary of the Act:

This Act amends the Heavy Industries Taxila (HIT) Act, 1997. HIT operates under a Board established in 1994, which was later enacted as the HIT Board Act No. XII of 1997 by Parliament. The Heavy Industries Taxila Board (Amendment) Bill, 2019 was introduced by Ms. Zubaida Jalal, Minister for Defence Production, and received the President's assent on Thursday, September 5, 2019, and was officially published on Friday, September 6, 2019.

The purpose of the amendment was to explore the commercial potential of the defense production industry and to promote the sale of HIT's products both locally and internationally. The bill aimed to achieve the objective of tapping HIT's potential to generate substantial revenue that could help subsidize the increasing demand for funds in defense production. HIT has saved billions of dollars over the years through the indigenization of defense hardware, and this amendment sought to further expand its commercial capabilities.

Introduction and Problem Statement:

This Act introduces three key amendments:

1. Short Title and Commencement

- This Act may be called the **Heavy Industries Taxila Board (Amendment) Act, 2019**, and it shall come into force at once.

2. Amendment of Section 6, Act XII of 1997

- In the Heavy Industries Taxila Board Act, 1997 (XII of 1997), in Section 6, Subsection (1), the words "surplus capacity" shall be substituted with the words "**commercial potential.**"

3. Amendment of Section 7, Act XII of 1997

- In Section 7 of the same Act, Clause (h) shall be replaced with:
“(h) To utilize, create, and enhance commercial capacity and capability for manufacturing marketable products, promote sales, and provide services both within the country and abroad, through:
(A) Establishing a limited company under the Companies Act, 2017 to conduct commercial activities with both private and public sectors, within Pakistan and internationally. This includes:
(i) Undertaking joint ventures with experienced national and international partners.
(ii) Establishing subsidiary companies.
(iii) Raising funds through private investment or bank credit without utilizing public money.
(iv) Maintaining commercial revenue accounts in scheduled banks, jointly operated in consultation with member finance.
(v) Developing audit, accounts, and costing manuals based on modern techniques.
(vi) Marketing commercial products through its internal marketing department or hired agents.
(vii) Formulating recruitment and procurement procedures.

(B) The company and its subsidiaries shall be subject to audits by Chartered Accountants firms.

(C) The revenue earned from commercial activities will subsidize the defense budget, reducing the burden on the national economy, reinvest in commercial ventures, and benefit the Board's management and employees in prescribed manners.”**

Background History:

Heavy Industries Taxila (HIT) operates under a Board established in 1994 and was later formalized as Act No. XII of 1997. The Board's primary function is to meet the defense needs of Pakistan and utilize surplus capacity for commercial activities. HIT's first production unit, Heavy Rebuild Factory (T-Series), began operations in 1980. Over the years, multiple production units, support facilities, and a Research and Development Center have been established, forming a comprehensive industrial setup.

The Senate Committee on Defence Production passed the Heavy Industries Taxila Board (Amendment) Bill, 2019, aiming to fully utilize HIT's commercial potential. By promoting joint ventures with local and international companies, this amendment seeks to rebuild and expand HIT's manufacturing capabilities.

Senator Abdul Qayyum emphasized the importance of the legislation, noting that HIT operates on 1,400 acres of land with a workforce of approximately 7,000 personnel. The expansion of commercial activities is crucial to maximizing HIT's potential.

Conclusion:

This amendment aligns with the PTI's Manifesto, as outlined in Chapter 7, which focuses on enhancing defense policy. The amendment provides multiple benefits, such as generating revenue to subsidize the defense budget, reducing the burden on the national economy, promoting self-sustenance, fostering private sector industrial growth, and introducing the latest technology into the country.

By establishing a limited company and registering it with the SECP (Securities and Exchange Commission of Pakistan), this amendment paves the way for the commercialization of specialized defense projects. The resulting revenue will meet the increasing demand for funds to support army projects and enhance the defense of the country. This legislative step opens the door for HIT to form joint ventures, attract private investment, and expand its operations both locally and internationally.

ACT NO 9
PAKISTAN NAVY (AMENDMENT) ACT 2020

Executive Summary of the Act:

This act amends the provision of the Pakistan Navy Ordinance, 1961. Defence Minister Pervez Khattak tabled the bills in the lower house of parliament. This amendment bill was passed by the National Assembly under the order of the Supreme Court. The following Act of Majlis-e-Shura (Parliament) received the assent of the President on Thursday, 9th January. The new amendment gives measures to the President of Pakistan, on the advice of the Prime Minister, to specify the tenure as well as terms and conditions of service of the Chief of the Army Staff or the Chairman Joint Chiefs of Staff Committee including the grant of extension and re-appointment of the Chief of the Army Staff or Chairman Joint Chiefs of Staff Committee.

Introduction and Problem Statement:

The act is divided into seven parts or seven amendments are being made, as given below:

1. **Short title and commencement**

2. **Amendment of section 4, Ordinance XXXV of 1961**

In the Pakistan Navy Ordinance, 1961 (XXXV of 1951), hereinafter referred to as the said Ordinance, in section 4, after clause (IV), the following new clause shall be inserted, namely:-
(Via) "Chairman, Joint Chiefs of Staff Committee" means an officer who has been appointed as the Chairman, Joint Chiefs of Staff Committee, by the President, in accordance with Article 243 of the Constitution of the Islamic Republic of Pakistan, read with section 14D;

3. **Insertion of new Chapter, Ordinance XXXV of 1961**

In the said Ordinance, after Chapter-III, the following new Chapter shall be inserted, namely:

CHAPTER IIIA

Appointment of the Chief of the Naval Staff and the Chairman, Joint Chiefs of Staff Committee

14A. Appointment of the Chief of the Naval Staff

(1) The President shall, on the advice of the Prime Minister, appoint an Admiral as the Chief of the Naval Staff, for a tenure of three (03) years.

(2) The terms and conditions of the Chief of the Naval Staff shall be determined by the President, on the advice of the Prime Minister.

14B. Reappointment or extension of the Chief of the Naval Staff

(1) Notwithstanding anything contained in this Act or any other law for the time being in force, the President, on the advice of the Prime Minister, may reappoint the Chief of the Naval Staff for additional tenure of three (03) years, or extend the tenure(s) of the Chief of the Naval Staff up to three (03) years, on such terms and conditions, as may be determined by the President, on the advice of the Prime Minister, in the national security interest or exigencies, from time to time.

(2) Notwithstanding anything contained in this Act or any other law, or any order or judgment of the Court, the appointment, reappointment or extension of the Chief of the Naval Staff, or the exercise of discretion by the appointing authority in this regard, shall not be called into question before any Court on any ground whatsoever.

14C. Retirement age and service limits of the Chief of the Naval Staff

The retirement age and service limits prescribed for an Admiral, under the Rules and

Regulations made under this Ordinance, shall not be applicable to the Chief of the Naval Staff, during his tenure of appointment, reappointment, or extension, subject to a maximum age of sixty-four (64) years. Throughout such tenure(s), the Chief of the Naval Staff shall continue to serve as an Admiral in the Pakistan Navy.

14D. Appointment of the Chairman, Joint Chiefs of Staff Committee

(1) The President may, on the advice of the Prime Minister, appoint a Chairman, Joint Chiefs of Staff Committee, from amongst Generals in the Pakistan Army, Admirals in the Pakistan Navy, or Air Chief Marshals in the Pakistan Air Force, for a tenure of three (03) years.

(2) The terms and conditions of the Chairman, Joint Chiefs of Staff Committee shall be determined by the President, on the advice of the Prime Minister.

(3) If the Chairman, Joint Chiefs of Staff Committee is appointed from amongst Admirals in the Pakistan Navy, the provisions of this Ordinance shall be applicable to such Chairman, Joint Chiefs of Staff Committee.

14E. Reappointment or extension of the Chairman, Joint Chiefs of Staff Committee

(1) Notwithstanding anything contained in this Act or any other law for the time being in force, the President, on the advice of the Prime Minister, may reappoint the Chairman, Joint Chiefs of Staff Committee for additional tenure of three (03) years or extend the tenure(s) of the Chairman Joint Chiefs of Staff Committee up to three (03) years, on such terms and conditions, as may be determined by the President, on the advice of the Prime Minister, in the national security interest or exigencies, from time to time.

(2) Notwithstanding anything contained in this Act or any other law, or any order or judgment of any Court, the appointment, reappointment or extension of the Chairman Joint Chiefs of Staff Committee, or the exercise of discretion by the appointing authority in this regard, shall not be called into question before any Court on any ground whatsoever.

14F. Retirement age and service limits of the Chairman, Joint Chiefs of Staff Committee

In case an Admiral of the Pakistan Navy is appointed as the Chairman Joint Chiefs of Staff Committee, the retirement age and service limits, prescribed under the Rules and Regulations made under this Ordinance, shall not be applicable to the said Admiral during his tenure of appointment, reappointment or extension, subject to a maximum age of sixty-four (64) years. Throughout such tenure(s), the Chairman Joint Chiefs of Staff Committee, appointed under this Ordinance, shall continue to serve as an Admiral in the Pakistan Navy.

4. Amendment of section 15, Ordinance XXXV of 1961

In the said Ordinance, in section 15, the word "Every" the expression, "subject 10 Chapter III-A, every" shall be substituted and for the full stop at the end, a colon shall be substituted and thereafter, the following provisos shall be inserted namely:-

"Provided that the appointment, reappointment, extension, and tenure of the Chief of the Naval Staff shall be determined in accordance with sections 14A, 14B, and 14C.

Provided further that the appointment, reappointment, extension and tenure of the Chairman, Joint Chiefs of Staff Committee shall be determined in accordance with sections 14D, 14E, and 14F."

5. Amendment of section 172 Ordinance XXXV of 1961

In the said Ordinance, in section 177, in sub-section (2), sub-clause (a), after the word "the", occurring for the first time, the words and commas "appointment, reappointment, extension" and after the word "Ordinance", the words and commas "including the Chief of the Naval Staff and the Chairman, Joint Chiefs of Staff Committee" shall be added.

6. Amendment of section 178, Ordinance XXXV of 1961

In the said Ordinance, in section 178, in sub-section (1), after the word "forces", the words and

commas "including the Chief of the Naval Staff and the Chairman, Joint Chiefs of Staff Committee", shall be added.

7. Overriding effect

(1) The provisions of this Act shall have effect notwithstanding anything contained in the said Ordinance, any other law, rules, regulations, or bye-laws, notifications and other legal instruments for the time being in force.

(2) In case there is any conflict between the Provisions of this Act and any other Law for the time being in force, the Provisions of this Act shall prevail to the extent of inconsistency.

Background History:

A bench headed by former Chief Justice of Pakistan, Asif Saeed Khosa, along with Justice Mazhar Alam Khan Miankhel and Justice Syed Mansoor Ali Shah, heard the petition and issued a short order on November 28, 2019, just one day before General Qamar Javed Bajwa's potential retirement. The order, read out by Chief Justice Asif Saeed Khosa, instructed parliament to introduce legislation for the appointment of the army chief under Article 243. The court asked the government to submit an undertaking that Parliament would enact a law on this in six months.

The CJP remarked that the court is observing judicial restraint and leaving the matter to parliament. He noted that the court had reviewed several laws, including the Army Act 1952 and Rule 1954.

Conclusion:

The main purpose of this amendment was to empower the President, on the advice of the Prime Minister, to specify the tenure, terms, and conditions, and to provide for other related matters, such as extensions, appointments, and re-appointments, in line with the Supreme Court's order dated November 28, 2019, passed in CP No. 39 of 2019.

As per the PTI Manifesto, the democratic process will be initiated, with the aim of ensuring transparency. The Premier emphasized that the representatives of the people must be answerable to the people.

The debate surrounding the legislation regarding the appointment, re-appointment, and extension of services chiefs has been legally settled, and the process has been clarified. This amendment resolves any ambiguity for the future.

Act no 10

PAKISTAN AIR FORCE (AMENDMENT) ACT, 2020

Executive Summary of the Act:

This Act amends the provisions of the Pakistan Air Force Act, 1953 (VI of 1953). The amendment was introduced by Defence Minister Pervez Khattak in the lower house of parliament, following a directive from the Supreme Court of Pakistan. The Pakistan Air Force (Amendment) Bill, 2020 was passed by the National Assembly, receiving the President's assent on Thursday, January 9, 2020.

The amendment empowers the President of Pakistan, on the advice of the Prime Minister, to specify the tenure, terms, and conditions of service for the Chief of the Air Staff or the Chairman Joint Chiefs of Staff Committee, including their extension and re-appointment. The amendment also sets the maximum age for service chiefs at 64 years. Moreover, it ensures that future extensions or appointments of service chiefs cannot be challenged in any Court of Law on any grounds.

Introduction and Problem Statement:

The Act introduces six amendments, as detailed below:

1. Short title and commencement
2. Amendment of section 4, Act VI of 1953
3. Insertion of new Chapter, Act VI of 1953
4. Amendment of section 18, Act VI of 1953
5. Amendment of section 202, Act VI of 1953
6. Overriding effect

Background History:

A bench headed by former Chief Justice of Pakistan, Asif Saeed Khosa, along with Justice Mazhar Alam Khan Miankhel and Justice Syed Mansoor Ali Shah, heard a petition and issued a short order on November 28, 2019, just one day before the potential retirement of Chief of Army Staff General Qamar Javed Bajwa. The order, delivered by Chief Justice Asif Saeed Khosa, directed the government to introduce legislation under Article 243 of the Constitution for the appointment of the army chief. The court gave the government six months to enact the necessary legislation.

The Chief Justice emphasized that the court was exercising judicial restraint and leaving the matter to the Parliament, noting that existing laws such as the Army Act of 1952 and Rules of 1954 had been reviewed.

Conclusion:

The primary purpose of this amendment is to empower the President, on the advice of the Prime Minister, to define the tenure, terms, and conditions of service for the Chief of the Air Staff and Chairman Joint Chiefs of Staff Committee. The amendment also clarifies procedures for their re-appointment and extension, in line with the Supreme Court's order of November 28, 2019 (CP No. 39 of 2019).

According to the PTI Manifesto, this amendment reflects the government's commitment to initiating a transparent democratic process, emphasizing that the representatives of the people must be

answerable to them. The legal debate surrounding the appointment, re-appointment, and extension of service chiefs has been resolved through this legislation, ensuring clarity for future appointments.

Act No. 11

THE PAKISTAN ARMY AMENDMENT ACT

Executive Summary of the Act:

This Act amends the provisions of the Pakistan Army Act, 1952. The Pakistan Army Amendment Bill was passed by the National Assembly following the Supreme Court's order, with unprecedented political consensus observed across the country. The legislation empowers the President of Pakistan, acting on the advice of the Prime Minister, to determine the tenure, terms, and conditions of service for the Chief of Army Staff (COAS) or the Chairman Joint Chiefs of Staff Committee (CJCSC), including the extension and re-appointment of the COAS or CJCSC. Furthermore, these appointments and extensions cannot be legally challenged in any court. The amendment also sets a maximum age limit of 64 years for the COAS.

The bill was designed to address these specific objectives.

Introduction and Problem Statement:

The Act is divided into six parts, as outlined below:

1. Short title and commencement
2. The introduction of a new section named 8A
3. Insertion of a new chapter
4. Amendment of section 176
5. Amendment of section 176A
6. Overriding effect

Important Points from the Act:

- The amendment modifies the Pakistan Army Act, 1952 to empower the President.
- The bill facilitates the extension or reappointment of the Chief of Army Staff.
- The retirement age rule no longer applies to the Chief of Army Staff.

History / Background:

The issue arose when the original tenure of Chief of Army Staff General Qamar Javed Bajwa was set to end on November 29, 2019. However, on August 19, 2019, the Prime Minister of Pakistan, Imran Khan, announced an extension of General Bajwa's tenure for an additional three years beyond the original term. Following this announcement, a petition was filed by Riaz Rahi in the Supreme Court of Pakistan (SCP), questioning the government's procedural adherence to the laws and the Constitution of Pakistan regarding the extension.

A bench led by Chief Justice Asif Saeed Khosa, alongside Justice Mazhar Alam Khan Miankhel and Justice Syed Mansoor Ali Shah, heard the petition and issued a short order on November 28, 2019, just one day before General Bajwa's expected retirement. The court ordered the government to legislate under Article 243 for the appointment of the army chief and required the government to ensure that the law was passed within six months.

Chief Justice Khosa remarked that the court exercised judicial restraint and left the matter to Parliament, adding that the court had reviewed relevant laws, including the Army Act of 1952 and

Rules of 1954. On December 16, 2019, the Supreme Court issued its detailed judgment, which was welcomed by legal experts.

Justice Khosa and Justice Miankhel agreed with Justice Shah's judgment, with Justice Khosa noting that it was a "shocking revelation" to the bench that the terms and conditions of service for the COAS, including tenure, extensions, or reappointments, had not been regulated by law thus far. Subsequently, the government filed a review petition and requested that a larger bench hear the case. The government argued that the court should have considered the challenges facing Pakistan and cited General Bajwa's importance in maintaining stability.

Conclusion:

This amendment aligns with the PTI manifesto, which emphasizes the appointment of competent individuals to deal with military matters. The extension of the COAS was granted based on performance and national security needs. The bill benefits not only the incumbent COAS but also the Chiefs of the Army, Air Force, and Navy as well as the Chairman Joint Chiefs of Staff Committee (CJCSC).

In conclusion, this legislation brings closure to the debates surrounding the appointment, reappointment, extension, and maximum service age of the military service chiefs and the CJCSC. The main purpose of the legislative effort was to comply with the Supreme Court's order to eliminate ambiguity in the rules governing the extension of the Army Chief's tenure. This amendment clarifies the process and is considered a forward-looking and pragmatic step in the regulation of military leadership.

Act no 12

THE NAYA PAKISTAN HOUSING AND DEVELOPMENT AND AUTHORITY ACT,2020

Executive Summary of the Act:

The purpose of this Act is "to provide for housing and real estate development and other activities related to land and construction through the establishment of the Naya Pakistan Housing and Development Authority." The Act aims to turn the vision of affordable housing into reality. After necessary amendments, the standing committee approved it in September 2019, and the bill was passed by the National Assembly on December 10, 2019. The Act extends to the entire country and comes into force immediately.

The Naya Pakistan Housing and Development Authority is designed to work under the federal government with the aim of developing real estate for low- and middle-income individuals, offering low-interest-level financing. The objectives also include the refurbishment, uplift, and maintenance of infrastructure and civic tasks. The Act applies to immovable properties under the federal government, with the Prime Minister of Pakistan serving as the patron of the Authority. The bill was initially promulgated by an ordinance.

The pressing need for this legislation stems from the Constitution of Pakistan, which stresses the importance of ensuring affordable housing for the less privileged.

Introduction and Problem Statement:

The Act is divided into twelve chapters that cover various aspects, from the preliminary explanation to the miscellaneous tasks to be performed by government officials:

1. Preliminary
2. Incorporations and Functions
3. Patron, Policy Board, and Administration
4. Federal Land Bank, etc.
5. Development of Schemes and Procurements, etc.
6. Register of Titles
7. House Finance and Mortgages
8. Common Property
9. Tax, Fee, and Charges
10. Offences, Enforcement, and Adjudication
11. Financial Provisions
12. Miscellaneous

Highlights from the Act:

- The Chairman of the Authority will be appointed by the Prime Minister of Pakistan.
- The federal authority will constitute a Federal Land Bank for immovable properties.
- The project will involve public-private partnerships and may outsource development work.
- The Authority may reconstruct or redevelop schemes.
- Funding for the scheme will come from loans granted by the federal and provincial governments, as well as revenue from leasing or selling property. All financial dealings will be overseen by the Authority.

Background History / Evidence:

The Naya Pakistan Housing and Development Authority was established to oversee the planning, development, construction, and management of real estate schemes and projects, including housing and related matters. The aim is to pursue both philanthropic and profit-oriented objectives, while also ensuring the refurbishment, uplift, and maintenance of infrastructure, roads, and other civic tasks. The ordinance behind the establishment of the Authority applies to all works, lands, and buildings owned or acquired by the federal government in specified areas.

The Authority will also identify immovable properties and projects suitable for development, promoting town planning and efficient resource management. It has the mandate to collect levies, taxes, penalties, tolls, and other charges when transferring immovable property.

Criteria Used in Making the Act:

The objective behind this Act is to fulfill the government's commitment to providing affordable housing for citizens, as outlined in the PTI manifesto.

Conclusion:

According to Chapter 4 of the PTI Manifesto, the government aimed to develop a housing scheme for the lower-middle-income segments of the population. This initiative is also aligned with the PTI's goal of building five million houses. So far, at least two million people have registered for this scheme, and 40 different companies have reported involvement in the project.

However, two years into the program, while progress has been made, the economic struggles faced by Pakistan have slowed momentum. The government's strategy involves leveraging public-private partnerships and facilitating house financing and mortgages through financial institutions. Despite this, the target of five million houses may still be difficult to achieve. Though recent updates show that the project is progressing, its full impact will only be seen when people are able to live in these newly developed, balanced communities.

Act No. 13

THE FEDERAL GOVERNMENT EMPLOYEES HOUSING AUTHORITY ACT, 2020

Executive Summary:

The Act titled "An Act to provide for the establishment of the Federal Government Employees Housing Authority" was enacted to plan and develop housing schemes for serving and retired federal government employees, as well as other specified groups. Minister for Housing and Works Chaudhary Tariq Bashir Cheema moved the bill, and it was passed by the National Assembly. The Act aims to extend the jurisdiction of the Federal Government Employees Housing Foundation (FGEHF), a public limited company under the Security Exchange Commission of Pakistan, which operates under the auspices of the Housing Ministry.

The Federal Government Employees Housing Authority (FGEHA) is mandated to provide affordable housing for federal government employees and other specified groups on a no-profit, no-loss basis without involving public funds. The Act aims to extend housing projects beyond Islamabad/Rawalpindi and Karachi to the entire country. To date, FGEHF has launched five housing schemes, providing around 23,000 housing units.

Introduction and Problem Statements:

The Act is divided into 32 parts, covering all aspects of the Housing Authority's operation:

1. Short title, extent, and commencement
 2. Definitions
 3. Authority
 4. Executive Board
 5. Powers and Functions of the Executive Board
 6. Director General
 7. Powers of the Director General
 8. Appointment of the officials and officers
 9. Delegation of powers
 10. Committees
 11. Funds of the Authority
 12. Acquisition of Land
 13. Land to be marked, measured, and planned
 14. Public notice of Acquisition
 15. Enquiry and Award by the Deputy Commissioner
 16. Compensation
 17. Vesting of Land in the Authority
 18. Powers of the Deputy Commissioner
 19. Appeals and Reviews
 20. Deputy Commissioner to have power over Civil courts
 21. Power to Cancel allotment
 22. Encroachments
 23. Violation of Building Regulations
 24. Transfer of Savings
 25. Appeal against the order of the Director General
- And more...

Important Points from the Act:

- The Act comprehensively outlines the powers, duties, and accountability mechanisms for officials of the Housing Authority.
- It ensures transparent processes for federal employees, ensuring benefits are distributed fairly while holding officials accountable.
- The Federal Government Employees Housing Authority (FGEHA) is responsible for land acquisition, planning, and development of housing schemes, with the power to manage assets, sell or lease properties, and oversee the financial aspects of the schemes.

History / Evidence:

The Act highlights the incompetence of the Capital Development Authority (CDA) in managing sectors G-13 and G-14 in Islamabad. Residents in these sectors have suffered from poor facilities and a lack of basic services, with CDA failing to address these issues or allow FGEHF to collect revenues and provide services.

The bill, which extends to the entire country, deals with the complexities of land acquisition. The existing process of acquiring land and securing approvals from regulatory bodies has been slow and inefficient, with delays in schemes like F-14 and Park Enclave. The Act proposes a one-window facility to streamline the process and speed up housing project development.

The bill was first introduced in the Senate on April 25, 2019, and after review by the relevant Senate committee, it was eventually passed. As per the bill's draft, the federal government is required to establish the Federal Government Employees Housing Authority within 30 days of the commencement of this Act.

The Authority has broad powers to acquire land, hold and sell properties, and regulate housing schemes, giving it the ability to operate independently in the development and management of housing projects for federal employees.

Conclusion:

This Act aligns with Chapter 7 of the PTI Manifesto, which focuses on developing housing for government employees. The Federal Government Employees Housing Authority (FGEHA) aims to resolve housing issues for serving and retired employees through efficient land acquisition, development, and management of housing schemes.

Since its inception, FGEHA has launched several housing schemes but faces a backlog of around 200,000 federal government employees awaiting plot allotments. The FGEHA was established through Act No. IV of 2020 on January 15, 2020, with a mandate to provide affordable housing on a no-profit, no-loss basis.

However, it remains to be seen whether the Authority will take full advantage of its powers to provide timely and affordable housing, or whether bureaucratic delays and inefficiencies will continue to hinder its performance. As the Authority continues to implement its mandate, it is essential that the system remains transparent, efficient, and accountable to avoid further delays and unmet expectations.

ACT no 14
THE LETTERS OF ADMINISTRATION AND SUCCESSION
CERTIFICATES ACT, 2020

Executive Summary:

The purpose of this Act is to provide an efficacious and speedy mechanism for the issuance of Letters of Administration and Succession Certificates. The Act aims to simplify and expedite the process for legal heirs to obtain these important documents, reducing the burden on courts and minimizing fraud and forgery related to succession matters.

In Pakistan, legal heirs traditionally face lengthy court procedures to obtain Succession Certificates (for movable property) and Letters of Administration (for immovable property). This not only causes significant delays for heirs but also places a heavy burden on the country's courts. The Letters of Administration and Succession Certificates Act, 2020, aims to ease this burden while providing timely relief to citizens.

Introduction and Problem Statement:

The Act is structured into 13 key sections:

1. Short title, extent, and commencement
2. Definitions
3. Issuance of Letters
4. Succession facilitation units
5. Functions of these units
6. Application for Letters of Administration
7. Forms of Letters of Administration
8. Objections
9. Fee and Cost
10. Bar of Jurisdiction
11. Penalties, Offences, and Trial
12. Act to override other laws
13. Power to make rules

Important Features of the Act:

The Act ensures justice for legal heirs, particularly of those who served in the government sector, by establishing a streamlined process for issuing Letters of Administration and Succession Certificates. According to Section 4, the National Database and Registration Authority (NADRA) is tasked with establishing Succession Facilitation Units, which will handle the receipt, processing, and assessment of applications. Under Section 10, legal heirs may only approach the court if NADRA declines to process an application.

History / Evidence:

Historically, legal heirs in Pakistan have languished in courts for years, waiting to obtain Letters of Administration (for immovable properties) and Succession Certificates (for movable properties). It is estimated that nearly half of Pakistan's population has been involved in such litigation at some point.

The new law allows NADRA, which maintains a Citizen Database, to issue these documents where no disputes exist among the legal heirs. After public objections are invited through newspaper announcements, NADRA will be able to issue Letters of Administration and Succession Certificates directly. This process bypasses the need for court intervention, reducing the burden on the judicial system and preventing fraudulent practices. NADRA's biometric system for swearing affidavits further secures the process and helps prevent forgery.

Conclusion:

Under the previous system, Succession Certificates were issued by civil judges, but the process could take months as judges handled other legal cases. With the new legislation, NADRA is empowered to issue these certificates, streamlining the process for legal heirs. NADRA will establish succession facilitation units to handle the receipt, processing, and assessment of applications. In cases where disputes arise among heirs, the facilitation unit can refer the matter to the appropriate forum under the law.

This legislation aligns with the PTI manifesto, which emphasizes good governance and the right to timely services for citizens. The success of this initiative depends on NADRA's capability to handle the processing of these certificates and to accommodate the public efficiently, ensuring the new system's effectiveness.

Act no 15

THE ENFORCEMENT OF WOMEN'S PROPERTY RIGHT ACT, 2020

Executive Summary:

This Act, passed by the National Assembly of Pakistan, aims to secure women's rights to own and inherit property. The Ministry of Law and Justice has described the Enforcement of Women's Property Rights Act, 2020 as a crucial step toward empowering women. The Ministry emphasized that empowering women is fundamental to the progress of society. Under Article 23 of the Constitution of Pakistan, all citizens have the right to acquire, hold, and dispose of property in any part of the country. From the start of his tenure, Prime Minister Imran Khan advocated for women's empowerment by ensuring their rightful access to property. A significant milestone was reached on February 14, 2020, when the Enforcement of Women's Property Rights Bill was approved by the Senate and became law.

The Act authorizes the Ombudsman to take appropriate action to resolve issues related to women's inheritance. Any woman deprived of her property can file a complaint with the Ombudsman, provided no legal proceedings regarding that property are pending. In cases where a woman is unable to do so herself, any other person or an NGO may initiate action on her behalf. The Ombudsman, following a preliminary assessment, refers the matter to the Deputy Commissioner, who conducts an inquiry and submits a report within 15 days. The Ombudsman is expected to pass an order, preferably within 60 days of receiving the complaint.

Introduction and Problem Statement:

The Act contains the following 12 parts:

1. Short title, extent, and commencement
2. Definitions
3. Power of the Ombudsman
4. Complaint to Ombudsman in case of no proceedings
5. Delivery of possession and transfer of ownership to women
6. Reference to court
7. Complaint to Ombudsman in case proceedings are pending
8. Loss of rent
9. Execution of orders
10. Appointment of officers
11. Bar of jurisdiction
12. Power to make rules

History / Evidence:

Pakistan, being an Islamic Republic, grants women their due rights under Islamic law. However, cultural norms often result in women being deprived of their rightful inheritance. To prevent coercion, fraud, and exploitation by family members, it became essential to introduce legislation offering women legal protection. Financial independence is key to empowerment, and Islam secured women's property rights over 1400 years ago.

Under Article 23 of the Constitution of Pakistan, it is a citizen's right to acquire, hold, and dispose of property. This Act enables the Ombudsman to address issues regarding a woman's inheritance. It is a

significant step toward women's empowerment, which is also a global objective. Raising awareness about their rights and educating women to advocate for themselves is equally important.

Conclusion:

While this Act is a notable legislative achievement, it only addresses a portion of the broader challenges faced by women in Pakistan. The government's success with this legislation will be truly measured when regions like the tribal areas embrace the protection of women's inheritance rights. Nonetheless, it is clear that this initiative aligns with the PTI's manifesto and its commitment to securing women's rights.

However, the effectiveness of the Act depends on its implementation. There has been limited media coverage, so awareness remains low. Additionally, the Ombudsman's role must be performed diligently to ensure the protection of women's inheritance rights.

Act no. 16
THE CODE OF CIVIL PROCEDURE (AMENDMENT), ACT 2020

Executive Summary of the Act:

This act was presented in the National Assembly by the government on Thursday, 2nd May 2019, by Farogh Naseem, Law Minister, and Minister-in-charge. The following Act of Majlis-e-Shoora (Parliament) received the assent of the President on Tuesday, 18th February 2020, and was published on 21st February 2020. This Bill is designed to achieve the objective of addressing delays in civil litigation. The saying "Justice delayed is justice denied" holds especially true in the context of civil disputes pending before the courts, where cases often take many years or even decades to be decided.

One of the primary reasons for such delays in civil litigation occurs when a party files a suit accompanied by an injunction or stay application. The main suit does not proceed as the court focuses only on the stay application, which can take years to decide, leaving the main suit in a state of inertia. To curb these delays, a two-tier system has been introduced through this Act. Under this system, two different judges will handle the entire suit. One judge will focus on the main case without interruptions until the proceedings are finalized, while miscellaneous applications, such as stay or injunction applications, will be handled separately by another judge. This will ensure that the main case continues without unnecessary delays.

Furthermore, the Act proposes reforms related to the filing of complaints, service of summons, the filing of written statements, case management systems, commissions for recording evidence, and appeals. It also introduces spot checks by the Presiding Officer, limits unnecessary discretion by the courts, restricts adjournments, and imposes penalties in the form of costs for parties at fault. The proposed amendments to the Code of Civil Procedure are aimed at expeditious disposal of cases without compromising the fundamental right to a fair trial. This Act was referred to as Act No. VII of 2020.

Introduction and Problem Statement:

In this act, nineteen (19) amendments are being made which are as follow:

5. Short title, extend and commencement

6. Amendment of section 1, Act V of 1908:

In the Code of Civil Procedure, 1908 (Act V of 1908), hereinafter referred to as the said Act, in section I, after sub-section (3), the following new sub-section shall be inserted, namely:-

"(4) The primary objective of this Code is to enable the Courts to,

- (a) Deal with the cases justly and fairly;
- (b) Encourage parties to alternate dispute resolution procedure if it considers appropriate;
- (c) Save expense and time both of courts and litigants; and
- (d) Enforce compliance with provisions of this Code."

7. Substitution of section 3, Act V of 1908:

In the said Act for section 3, the following shall be substituted, namely:-

'3. **Sub-ordination of Courts.**-For the purposes of this Code, the hierarchy and sub-ordination of Civil Courts shall be the same as prescribed in the West Pakistan Civil Courts Ordinance, 1962 (W.P Ordinance No. II of 1962);'

8. Substitution of section 6, Act V of 1908:

In the said Act, for section 6, the following shall be substituted, namely:-

***6. Pecuniary jurisdiction.**-Save in so far as is provided for the Islamabad High Court exercising original civil jurisdiction at Islamabad, all civil suits shall be filed in the following manner, namely:-

(a) where the amount or value of the subject matter of the suit is below rupees fifty million, the suit shall be filed in the court of Civil Judge, as may be prescribed by the High Court; and

(b) Where the amount or value of the subject matter of the suit is above rupees fifty million the suit shall be filed in the court of District Judge, as may be prescribed by the High Court."

9. Omission of section 7, Act V of 1908.

10. Substitution of section 26, Act V of 1908:

"26. Institution of suits through plaint or otherwise;

(1) Every suit shall be instituted by the presentation of a plaint or in such other manner as may be prescribed.

(2) On presentation of the plaint it shall be the duty of the Court to *prima facie* Satisfy itself of jurisdiction, cause of action and limitation:

Provided that if Court does not satisfy itself it shall be bound to record reasons for doing so.

(3) The plaintiff shall, at the time, file as many copies of the plaint and accompanying documents as there are defendants to the suit to be sent along-with the summons and two extra copies of the entire set.

(4) It shall be duty of the Court to maintain electronic records of proceedings in suits as may be prescribed.

Explanation. - For the purposes of this sub-section suits includes any proceedings in applications, appeals, review, revision or anything incidental thereto.

26A. Written statement and proposed issues by the defendant. -(1) The defendant shall file written statement not later than thirty days from the date of service to the plaintiff:

Provided that if the defendant fails to file written statement on the date fixed, the court may grant an opportunity to file the same not later than fifteen days subject to payment of adjournment costs:

Provided further that if the defendant fails to file after the opportunity given under the first proviso, a final opportunity may be given by the Court to file the written statement not later than fifteen days subject to payment of adjournment costs after which the defendant shall lose the right of defense and the Court shall close the right to defend the case:

Provided also that the written statement may be allowed to be filed by the Court upon payment of costs to be determined by it, if the defendant through an application supported by an affidavit, satisfies the Court that he had just and sufficient cause and the Court record reasons for it.

(2) The defendant shall file proposed issues along-with the written statement: Provided that if no issues are proposed by the defendant, the Court shall permit the defendant to file proposed issues not later than seven days upon payment of cost to be determined by the Court.

(3) The defendant shall provide additional copies of written statement and of the documents annexed therewith for each of the parties and the Court.

268. Proposed issues by the plaintiff.-The plaintiff shall file proposed issues not later than seven days from the date of receiving the written statement:

Provided that in case the plaintiff fails to file the proposed issues, the Court shall permit the plaintiff to file proposed issues not later than seven days upon payment of cost to be determined by the Court.

26C. Framing issues and filing of list of witnesses and recording of evidence.

(1) Not later than ninety days of the institution of a suit the Court after considering the pleadings and issues proposed by parties, shall determine the material propositions of fact and laws which the parties are at variance and frame issues.

(2) For the purposes of sub-section (1), the Court in its discretion as it may deem fit may proceed to frame issues without hearing.

(3) In case issues are framed without hearing, any party, not later than seven days of the framing of issues, may file an application seeking modification of the issues, which application shall be decided within fifteen days.

(4) After framing the issues, the Court shall order parties to file list of witnesses, not later than fifteen days-

(5) If any party fails to comply with the orders of Court in subsection (4), a final opportunity may be given by the Court to file list of witnesses not later fifteen days subject to payment of adjournment costs.

(6) Immediately upon framing of issues and filing of the list of witnesses, the Court shall direct the recording of evidence through Commission in the prescribed manner.

(7) For the purposes of sub- section (6), of this section, the Court shall appoint a Commission from a list of approved panel of such Commission, comprising advocates and retired judges maintained by the Court in the prescribed manner, on such fee and terms and conditions as determined by the Court.

(8) The parties shall file affidavits as evidence of their respective witnesses, before the Commission which shall be construed to be examination-in-chief.

(9) On the affidavits in evidence, the witnesses shall be subjected to cross examination and if necessary, just and expedient, shall be subjected to re-examination followed by cross-examination or re-examination.

(10) The Commission shall record the evidence and proceedings thereof in written and audio and video recording.

(11) Not later than ninety days of the order under sub-section (6), the Commission shall finalize the recording of the evidence and submit a report in this regard to the

Court along-with the complete written, audio and video record of the proceedings under subsection (10).

(12) The High Court shall frame rules for the purposes of recording of evidence through Commission, inter alia, empowering the Commission to regulate the Commission's proceedings including but not limited to allowing or disallowing questions, documents, choosing sides, extension of Commission and passing such ancillary or other orders which are necessary to carry out the functions of the Commission.

26D. Hearing of final arguments. (1) The Court after submission or closing of evidence, as the case may be shall fix a date not later than fifteen days, for hearing of final arguments by parties.

(2) The Court may require the parties to file their written arguments in addition to oral arguments.”

11. Amendment of section 27, Act V of 1908:

The said Act –

(a) in section 27, after the word "claim", the words "not later than fifteen _ days" shall be inserted; and

(b) After section 27, as amended herein-above, the following new section shall be inserted" namely:-

"27A. Process of summons to be simultaneous. (1) Summons shall be sent simultaneously unless otherwise ordered by the Court, to the defendant, by registered post acknowledgment due and another copy of the summons by courier service signed and sealed in the manner prescribed, or as the court may determine, by urgent mail service of Pakistan Post, at the cost of plaintiff.

(2) The acknowledgement purported to be signed by the defendant of the receipt of the registered communication or an endorsement by a courier messenger or postal employee that the defendant refused to take delivery of the summons shall be deemed by the Court issuing the summons to be *prime facie* proof of the service of summons.

(3) Simultaneously, the Court shall order service by,-

(a) affixing a copy of the summons at some conspicuous part of the house, if any, in which the defendant is known to have last resided or carried on business or personally worked for gain;

(b) Any modern device including electronic device of communication which may include mobile, telephone, telegram, phonogram, telex, fax, radio, television etc. in a prescribed manner;

(c) Urgent mail service or public courier services;

(d) beat of drum in the locality where the defendant resides;

(e) Announcement through, mosque, temple, community center etc.;

(f) Publication in the press in the prescribed manner;

(g) Or any other manner or mode as it may think fit:

Provided that the Court may order the use of all or any of the aforesaid manners and modes of service simultaneously-

(4) If the defendant fails to appear, the Court may direct service again by any of the modes mentioned in sub-section (3) to appear on a date not later than seven days.

(5) Location of bailiff or process-server serving the summons shall be monitored by modern devices, in a manner prescribed, and a photograph shall be taken of the defendant or the premises or the person accepting summons on behalf of defendant and be made part of the record as a proof of delivery."

12. Amendment of section 33, Act V of 1908:

In the said Act in section 33, after the word 'Judgment', the words "within ninety days of the final hearing" shall be inserted

13. Insertion of new section 75A, Act V of 1908:

In the said Act after section 75, the following new section shall be inserted, namely:-

'75A. Spot checks. (1) In order to further the primary objective mentioned in sub-section (4) of section 1, in any proceedings in a suit, the Presiding Officer of the Court in its discretion may, on his own or at the application of any of the parties, at any stage may carry out spot checks including inspection of documents and premises in order to ascertain issues of partition, demarcation, possession, state of construction and anything incidental and ancillary thereto.

Explanation I, -For the purposes of this sub-section, spot checks may be carried out after passing of decree to ensure Court orders are implemented as decreed. *Explanation II,* - For the purpose of this sub-section a spot check conducted by Presiding Officer of a Court should not be construed to be an inspection through the appointment of Commission.

(2) The Court may call for the evidence of any person or documents at the spot.

Explanation, -For the purpose of this sub-section, person includes parties to the suit individual person at the spot or any individual Court may deem proper to give evidence in the matter in issue.

(3) After conducting spot checks an interim order recording the findings of the spot inspection shall be prepared and signed by the Presiding Officer of the Court: Provided that the interim order shall state the date, time, purpose of visit evidence recorded and interim findings.

(4) The Presiding Officer, in his discretion shall be entitled to pass an order or judgment upon the basis of interim order mentioned in sub-section (3) of this section provided the same is confronted to all the parties, who are given a reasonable opportunity to file objections to the same."

14. Substitution of section 96, Act V of 1908:

In the said Act, for section 96, the following shall be substituted, namely:-

**96. Appeal from final judgment or decree.* -Save where otherwise expressly provided in the body of this Code or by any other law for the time being in force, an appeal shall lie to the High Court not later than thirty days from every final judgment passed by any Court exercising original jurisdiction on any question of law or fact erroneously determined by the original court and the High Court shall decide the appeal within ninety days."

15. Omission of sections, Act V of 1908.-

- In the said Act sections 100, 101, 102 and 103 shall be omitted.
- 16. Amendment of section 106, Act V of 1909:**
 In the said Act for section 106, the following shall be substituted, namely:-
*"106. What Courts to hear appeals.-*Appeals against order passed under this Code shall lie to the Court directly from its sub-ordinate court exercising original jurisdiction adjudicating the suit in the manner prescribed."
- 17. Amendment of section 111, Act V of 1908:**
 In the said Act in section 111, clause (b) shall be omitted.
- 18. Amendment of section 114, Act V of 1908:**
 In the said Act, in section 114,
 (a) in clause (b), the word "or", at the end, shall be omitted; and
 (b) for clause (c) the following shall be substituted, namely:-
 "May apply for a review of judgment to the Court which passed the decree or made the order and the Court may make such order thereon as it think fit."
- 19. Substitution of section 115, Act V of 1908:**
 In the said Act, for section the following shall be substituted namely:-
*"115. Revision.-*Any party aggrieved by an order under section 104, passed by the Court of District Judge or Additional District Judge in an appeal against an interlocutory order passed by a Civil Judge or Senior Civil Judge, as the case maybe, may within thirty days of the said order may file a revision to the High Court on an obvious mis-apprehension of law or in respect of a defect in jurisdiction."
- 20. Amendment of section 128, Act V of 1908:**
 In the said Act in section 128, after sub-section (2) the following new sub-section (3) shall be inserted namely:-
"(3) The High Court shall make rules, not inconsistent with the provisions of this Code, for case management and scheduling conferences binding the parties to follow the schedules and timelines prescribed therein."
- 21. Substitution of section 141, Act V of 1908:**
 In the said Act for section 141, the following shall be substituted, namely:-
"141. Proceedings regarding application for injunctions and other miscellaneous application and issues. (1) The procedure provided in this Code with regard to suits shall be followed, as far as it can be made applicable, in all proceedings in any Court of civil jurisdiction. (2) All suits, in which interlocutory applications have been filed shall have duplicate sets, one of which shall be placed in the court hearing the main suit and other shall be placed in the court hearing interlocutory applications.
 (3) At all material times, the respective offices of the two courts mentioned in sub-section (1) of this section, shall keep both the files in the two courts updated and tallied with each other in duplicate and identically including the respective orders and diary sheets.
 (4) Both the courts hearing the main case and the interlocutory applications respectively shall proceed collaterally according to the timelines prescribed in this Code and rules or by any order of the Court.
Explanation; - It is clarified that the pendency of any interlocutory application shall be no ground to stay or delay the proceedings before the Court hearing the main case.
 (5) All applications for addition, deletion and substitution of parties, amendments to pleadings, modification or alteration of issues, rejection of plaints, and stay of

suits shall be heard and adjudicated by the Court hearing the main case, while all other applications shall be construed to be interlocutory applications wanting to be filed and decided by the Court hearing the interlocutory applications.

(6) The filing of any application including an application for the rejection of the plaintiff or a dismissal of suit shall be no ground to dispense with or waive the requirement of filing a written statement within the timelines prescribed in this Code.

(7) This section shall have effect notwithstanding any other provision in this Code or any other law for time being in force."

22. Amendment of section 151, Act V of 1908:

In the said Act in section 151, after word "Court", occurring for the first time, the words "to be exercised after recording reasons" shall be inserted.

23. Insertion of new section, Act No. V of 1908:

In the said Act, after section 158, the following new section shall be inserted, namely:-

'159. Savings of proceedings. -All proceedings instituted prior to enactment of the Code of Civil Procedure (Amendment) Act 2020 shall be deemed to proceed and dealt in accordance with the provisions of Code of Civil Procedure which existed prior to the said amendment Act.

Explanation.-In this section the expression "proceedings" includes sui appeal, review, revision, execution applications or any other proceedings and any matter incidental thereto."

Background History/Evidence:

The **Code of Civil Procedure (Amendment) Bill, 2019** seeks to ensure the timely disposal of cases without compromising the right to a fair trial. The need for this amendment arose from the inefficiency of the existing Code of Civil Procedure, which was originally enacted by the British and has become outdated in dealing with modern civil litigation practices.

The Bill was approved by the **National Assembly Standing Committee on Law and Justice**, which recognized that civil cases often take 30 to 40 years to be resolved, due to delays in the existing procedures. Law Minister Farogh Naseem highlighted the primary issue, where the main suit gets delayed due to the time taken in deciding stay applications. To combat this, the two-tier system was proposed, where separate judges would handle the main suit and any stay applications, ensuring that the main case proceeds without interruption.

Reforms were also proposed in areas such as filing complaints, serving summons, case management systems, recording evidence, and introducing spot checks by presiding officers to ensure accountability. The Bill aims to modernize civil litigation practices, bringing them in line with contemporary requirements.

Criteria Used in Making the Act:

This Act aims to provide a uniform, updated procedure for civil litigation by addressing the delays and inefficiencies that have long plagued the system. The primary objectives include:

- Expediting the process of civil suits by minimizing unnecessary delays.
- Introducing a two-tier system for handling miscellaneous applications and the main suit separately.
- Modernizing the procedures for filing suits, serving summons, and recording evidence.
- Ensuring that courts enforce timelines and penalize parties that seek to delay proceedings.

Conclusion:

This Act aligns with PTI's manifesto, particularly the chapter on "Transforming Governance," which emphasizes reforms in the judicial system, including the provision of speedy justice and modernizing outdated laws. The **Code of Civil Procedure (Amendment) Act, 2020** aims to shorten the time frame for civil cases from decades to a few years, ensuring that justice is served more efficiently.

However, the Act currently applies only to Islamabad, leaving it up to the provinces to adopt similar reforms. Additionally, there are concerns regarding the enforceability of certain sections, as they may conflict with existing orders under the **Code of Civil Procedure, 1908**, which need to be amended by higher courts and relevant authorities. Therefore, while the Act is a step in the right direction, its full impact will depend on its effective enforcement and the provinces' willingness to implement similar amendments.

Act no 17.
THE SUPERIOR COURTS (COURT DRESS AND MODE OF ADDRESS) ORDER (REPEAL), ACT 2020

Executive Summary of the Act:

This Act was presented in the National Assembly on Friday, 13th September 2019, by Farogh Naseem (Law Minister) and Minister in charge. The Act of Majlis-e-Shura (Parliament) received the assent of the President on Tuesday, 18th February 2020, and was published on 21st February 2020. The bill aims to repeal the Superior Courts (Court Dress and Mode of Address) Order of 1980, empowering the superior courts to regulate their dress code and mode of address as per their discretion. This falls under the authority granted to the courts by Articles 191 and 202 of the Constitution of the Islamic Republic of Pakistan. This Act is known as Act No. VIII of 2020.

Introduction and Problem Statement:

The Act includes two amendments as follows:

1. Short title, extent, and commencement:

This Act may be called the Superior Courts (Court Dress and Mode of Address) Order (Repeal) Act 2020, and it shall come into force at once.

2. Repeal of President's Order No. 15 of 1980:

The Superior Courts (Court Dress and Mode of Address) Order, 1980 (P.O. No. 15 of 1980), is hereby repealed.

Background History/Evidence:

The government decided to abolish the mandatory dress code for judges of the Supreme Court and high courts during judicial proceedings or state/ceremonial functions, along with the specified mode of addressing judges. In connection with this decision, a bill was moved in the National Assembly to repeal the 1980 presidential order governing the dress code and mode of address in superior courts. This bill was tabled on September 13th but largely went unnoticed.

The statement of objects and reasons accompanying the bill, moved by the concerned minister, explains that Articles 191 and 202 of the Constitution empower the Supreme Court and high courts to make rules regulating their practice and procedure. Therefore, matters related to court dress and the mode of addressing judges should be regulated by the courts themselves.

The bill makes it clear that the repeal of the Superior Courts (Court Dress and Mode of Address) Order, 1980 (P.O. No. 15 of 1980) is necessary. Articles 191 and 202 allow the superior courts to make their own rules governing their operations, including dress and address standards, and this act supports that principle.

In a meeting attended by the Chief Justices of the superior courts in June 1979, decisions were made regarding the views of the Pakistan Bar Council concerning the dress and mode of address in judicial forums.

The 1980 presidential order prescribed the following dress code for judges:

- A judge of a superior court was required to wear a black suit with a white shirt, a black tie, and a black gown during court sittings, and a black suit with a white shirt and a black tie during state or ceremonial functions.
- A lady judge was required to wear a white dress with a winged collar white shirt, a black coat, and a black gown during court sittings, and a white dress with a winged collar white shirt and a black coat during state or ceremonial functions.

The order also stated that the use of expressions like “My Lord” and “Your Lordship” in addressing judges would be discontinued, and judges should instead be addressed as “Sir” or “Janab-e-Wala” or “Janab-e-Aali.” In judgments, correspondence, or other documents, judges were to be referred to as “Mr. Justice [name]” or a similar title.

In the United States, judges of the Court of Appeal and Supreme Court are addressed as “My Lord,” “My Lady,” or variations thereof, depending on the grammatical context. Provincial court judges are addressed as “Your Honor.” In England and Wales, high court judges are addressed as “My Lord” or “My Lady” during court sittings, and referred to as “Your Lordship” or “Your Ladyship.”

The dress code for lawyers in Pakistan varies according to the season. In winter, formal black suits and ties are worn with gowns, while in summer, white shirts, trousers, and neckbands are worn.

Criteria used in making the Act:

The Act repeals President’s Order No. 15 of 1980. The rationale for this repeal is based on the superior courts’ constitutional authority to regulate their own dress code and mode of address through internal rules, as outlined in Articles 191 and 202 of the Constitution of Pakistan.

Conclusions:

In line with the Pakistan Tehreek-e-Insaf (PTI) government’s manifesto, this law is a practical example of the reforms outlined in Chapter 2 of the PTI’s manifesto, titled "Transform Governance," which includes:

- Reforming the Civil Service
- Reforming government procurement

This Act was tabled by Farogh Naseem and passed on 10th January 2020. It received no opposition as it merely repealed a presidential order from 1980 regarding the court dress code and the mode of addressing the court. The Act empowers the higher courts, including the Supreme Court and high courts, to regulate these matters independently, per Articles 191 and 202 of the Constitution. The repeal aligns with PTI’s objective to strengthen institutions and allow them to operate autonomously. This legislation ensures that the judiciary can establish rules based on its needs and interests, free from external regulation on these matters.

Act no. 18

BANKS (NATIONALIZATION) (AMENDEMENT) ACT 2020

Executive Summary of the Act:

The **Banks (Nationalization) (Amendment) Act, 2020** was presented in the National Assembly on Friday, 13th September 2019, by Dr. Abdul Hafeez Shaikh (Adviser to the Prime Minister on Finance, Revenue, and Economic Affairs). It was passed by the National Assembly on Monday, 13th January 2020. The Act received the assent of the President on 18th February 2020 and was published on 21st February 2020. This amendment was aimed at addressing the regulatory supervision of non-banking institutions, such as National Investment Trust Limited (NITL), bringing them under the regulatory purview of the Securities & Exchange Commission of Pakistan (SECP). It also proposed the exclusion of Small Business Finance Corporation (SBFC) and Regional Development Finance Corporation (RDFC) from the **Banks (Nationalization) Act, 1974**, since these institutions had merged to form SME Bank Limited. The act is known as **Act No. IX of 2020**.

Introduction and Problem Statement:

The act introduced 19 amendments, with the following key points:

1. **Short title, extent, and commencement:** The act may be called the **Banks (Nationalization) (Amendment) Act, 2020** and shall come into force immediately.
2. **Amendment of Section 11A, Act XIX of 1974:** In the **Banks (Nationalization) Act, 1974**, Section 11A, clauses (iii), (v), and (vi) were omitted.

The amendments are designed to modernize regulatory oversight by excluding non-banking institutions like NITL, SBFC, and RDFC from the Act and placing them under SECP's supervision.

Background History/Evidence:

The nationalization process in Pakistan, initiated in the 1970s under Prime Minister Zulfikar Ali Bhutto, laid the foundation for socialist economic reforms to promote economic democracy and industrial growth. The nationalization program aimed to place key industries, such as steel, railways, and airlines, under government control. This process, however, faced significant opposition and challenges, including labor unrest and inefficiencies in government management.

After its initial success, the nationalization program saw further developments under Prime Minister Benazir Bhutto in 1996 and Prime Minister Yousaf Raza Gillani in 2012, when efforts were made to improve the performance of nationalized industries. Despite these efforts, the program was met with economic setbacks, and by the 1990s, Prime Minister Nawaz Sharif initiated the privatization of many nationalized entities. This privatization process continued until 2008.

The **Banks (Nationalization) (Amendment) Act, 2020** aims to address outdated regulations and improve the efficiency and oversight of non-banking financial institutions by removing NITL, SBFC, and RDFC from the scope of the 1974 nationalization law and placing them under SECP's regulatory supervision.

Criteria Used in Making the Act:

The act is intended to modernize the regulatory framework and ensure accountability by placing non-banking financial institutions under the supervision of SECP. It reflects the broader goal of reforming key economic institutions and promoting SME growth in line with national objectives.

Conclusions:

The **Banks (Nationalization) (Amendment) Act, 2020** is aligned with the PTI government's manifesto, particularly Chapter 2 on "**Inclusive Economic Growth**", which emphasizes:

- Reviving manufacturing and facilitating the rapid growth of SMEs.
- Transforming key economic institutions to improve efficiency and accountability.

This act, introduced by the government, addresses the need for regulatory reforms in the financial sector. By bringing non-banking institutions under the purview of SECP, the act ensures improved accountability and oversight, helping streamline operations in line with modern economic governance. The exclusion of NITL, SBFC, and RDFC from the **Banks (Nationalization) Act, 1974** is a step toward modernizing Pakistan's financial regulatory framework.

Act no 19.
THE FOREIGN EXCHANGE REGULATION (AMENDMENT),
ACT 2020

Executive Summary of the Act:

The **Foreign Exchange Regulation (Amendment) Act, 2020** was presented in the National Assembly on Monday, 22nd April 2019, by Mr. Asad Umar (Former Minister for Finance, Revenue, and Economic Affairs). It was passed by the National Assembly on Monday, 17th February 2020, with further elaboration by Dr. Abdul Hafeez Sheikh (Adviser to the Prime Minister on Finance and Revenue). The Act received the assent of the President on 21st February 2020 and was published on 26th February 2020. This amendment aims to strengthen the regulatory framework for foreign exchange operations in Pakistan by granting the State Bank of Pakistan (SBP) explicit powers to regulate the inland movement of foreign currencies and enhancing penalties for violations under the **Foreign Exchange Regulation Act, 1947 (FERA, 1947)**. The Act aims to curb illegal foreign exchange practices like Hawala/Hundi and make the regulatory environment more robust. It is known as **ACT NO. X OF 2020**.

Introduction and Problem Statement:

The Act introduces the following amendments:

1. **Short title, extent, and commencement:** This Act may be called the **Foreign Exchange Regulation (Amendment) Act 2020**, and it shall come into force immediately.
2. **Amendment of Section 23, Act VII of 1947:**
 - In sub-section (1), the word “rigorous” shall be inserted after the word "with."
 - The word “five” shall be substituted for “two” in sub-section (3).
 - A new proviso is added to Section 23, stating that if a person unauthorized under Sections 3, 3A, or 3AA is involved in illegal foreign exchange business, the need for a formal complaint shall be waived.
 - After sub-section 3(A), a new sub-section 3(B) is inserted, requiring that tribunals take cognizance of offenses and conclude proceedings within six months, with an extension of six months allowed for valid reasons.

Background History/Evidence:

Amendments to the **Foreign Exchange Regulation Act, 1947** were necessary to empower the SBP to comprehensively regulate the foreign exchange regime in Pakistan. Historically, the SBP lacked explicit powers to regulate the inland movement of foreign currencies under FERA, 1947. This gap enabled illegal foreign exchange practices such as Hawala/Hundi, which hurt the economy by facilitating undocumented transactions.

Prime Minister Imran Khan directed the Ministry of Finance to take immediate action to curb these practices, leading to the amendments in this Act. The **Finance Ministry** emphasized the need for stronger penalties, including making certain offenses cognizable and non-bailable, allowing the **Federal Investigation Agency (FIA)** to act against illegal foreign exchange operators without waiting for a formal complaint from the SBP. A new provision in the Act also restricts the free movement of foreign exchange within the country, limiting the amount of foreign currency individuals can carry to \$10,000 without approval from the SBP. These changes aim to make foreign exchange regulation more effective.

Criteria Used in Making the Act:

The Act is an amendment to the **Foreign Exchange Regulation Act, 1947 (VII of 1947)**, introduced to modernize and enhance regulatory powers and ensure that SBP can effectively monitor foreign exchange operations, including the inland movement of foreign currencies.

Conclusions:

This Act aligns with the **PTI Manifesto**, particularly Chapter 2 on "**Inclusive Economic Growth**", which includes the following objectives:

- Reviving manufacturing and facilitating rapid growth of SMEs.
- Enhancing access to finance for citizens and industries.
- Making Pakistan more business-friendly.

In line with the manifesto, this Act strengthens the SBP's powers, allowing it to better monitor foreign exchange activities, restrict the movement of large sums of foreign currency, and reduce illegal practices like Hawala/Hundi. It improves transparency and accountability within the financial system by placing stricter regulations on foreign currency movement and improving SBP's oversight capabilities. However, the successful implementation of these measures requires consistent enforcement and the support of government agencies like the FIA.

Despite facing challenges such as financial crises and administrative inefficiencies, the PTI government remains committed to reforming Pakistan's financial institutions and promoting sustainable economic growth. This Act is a key step in enhancing financial regulation and improving the overall efficiency of the banking system.

Part 2:

ANTI-MONEY LAUNDERING (AMENDMENT) ACT, 2020

Executive Summary of the Act:

The **Anti-Money Laundering (Amendment) Act, 2020** was presented in the National Assembly on Monday, 22nd April 2019, by Dr. Abdul Hafeez Sheikh (Adviser to the Prime Minister on Finance and Revenue). It was passed by the National Assembly on 17th February 2020, and the Act received the assent of the President on 21st February 2020, subsequently being published on 26th February 2020. The primary purpose of this amendment is to further strengthen the **Anti-Money Laundering Act, 2010**, in line with international standards, and to enhance the punishments related to money laundering. The amendments seek to make anti-money laundering laws more robust, dissuasive, and deterrent. Additionally, the amendments will enable the Financial Monitoring Unit to seek membership in the **Egmont Group** (Group of Financial Intelligence Units), a key recommendation of the **Financial Action Task Force (FATF)**. This Act is known as **ACT NO. XI OF 2020**.

Introduction and Problem Statement:

This Act introduces the following amendments:

1. **Amendment of Section 4, Act VII of 2010:**
 - In the **Anti-Money Laundering Act, 2010**, the term of imprisonment has been amended from a minimum of one year to "up to" five years, and the fine has been increased from one million rupees to five million rupees.
2. **Amendment of Section 7, Act VII of 2010:**
 - The amendment changes the phrase "immediately, but no later than seven working days" to "promptly" in terms of maintaining records related to suspicious transaction reports (STRs) and currency transaction reports (CTRs).
 - The period for maintaining records has been increased from five years to ten years.
3. **Amendment of Section 8, Act VII of 2010:**
 - The period for filing a case has been extended from 90 days to 180 days, with an option for further extensions of up to 180 days by the court.
4. **Amendment of Section 9, Act VII of 2010:**
 - The amendment replaces the word "or" with "and" in sub-section (5), to strengthen the language of the provision.
5. **Amendment of Section 33, Act VII of 2010:**
 - The words "three years" and "one million" are replaced with "five years" and "five million," respectively, to increase the penalties for non-compliance.
6. **Amendment of Section 34, Act VII of 2010:**
 - The penalties are increased, replacing "three years" and "five hundred thousand rupees" with "five years" and "two million rupees" for violations under the Act.

Background History/Evidence:

The **Anti-Money Laundering (Amendment) Bill, 2020** introduced amendments to strengthen Pakistan's anti-money laundering framework. One significant amendment increased the fines for money laundering offenses, raising them from one million rupees to five million rupees. Additionally, record retention periods for suspicious and currency transaction reports were extended to ten years.

The primary objective of these amendments is to streamline Pakistan's anti-money laundering laws in compliance with international standards and FATF requirements. The amendments also aim to deter

offenders by increasing punishments, thus improving compliance and enforcement. The amendments empower Pakistan's **Financial Monitoring Unit (FMU)** to seek membership in the **Egmont Group**, which will enhance the FMU's effectiveness in combating money laundering.

These changes reflect the government's commitment to improving its **Anti-Money Laundering (AML)** framework, deterring illegal financial activities, and aligning with global financial integrity standards.

Criteria Used in Making the Act:

The Act is introduced to amend the **Anti-Money Laundering Act, 2010 (VII of 2010)** and is part of broader efforts to combat financial crimes and ensure compliance with FATF recommendations.

Conclusions:

This Act aligns with the **PTI Manifesto's** chapter on "**Inclusive Economic Growth**", which emphasizes:

- Reviving manufacturing and facilitating rapid growth of SMEs.
- Enhancing access to finance for citizens and industries.
- Making Pakistan business-friendly.

The **Anti-Money Laundering (Amendment) Act, 2020** reflects the ruling party's commitment to addressing corruption, illegal financial activities, and money laundering. It strengthens Pakistan's AML framework by enhancing penalties, streamlining processes, and bringing the legal framework in line with international standards. This Act also serves as a critical component of Pakistan's ongoing efforts to meet FATF recommendations and remove the country from the **grey list** of nations with deficient AML/CFT (Combating the Financing of Terrorism) frameworks.

While this Act is a significant step in the right direction, it will require strict implementation and cooperation among financial institutions, regulatory bodies, and law enforcement agencies to fully realize its objectives. It also reflects PTI's efforts to fulfill its campaign promise of addressing corruption and improving the financial system. However, consistent follow-up and enforcement mechanisms will be critical for this legislation's long-term success in curbing money laundering in Pakistan.

Act no 20
THE NATIONAL COUNTER TERRORISM AUTHORITY, ACT
2020

Executive Summary of the Act:

The **National Counter Terrorism Authority (Amendment) Act, 2020** was presented in the Senate on Tuesday, 1st October 2019, by Senator Azam Khan Swati, Minister for Parliamentary Affairs. The Act received the assent of the President on 18th February 2020 and was published on 20th March 2020. The purpose of this Act is to make amendments to the existing **NACTA Act 2013**, improving its functionality to strengthen counter-terrorism efforts in Pakistan. The amendments aim to create more effective coordination among key stakeholders, including the Ministry of Interior and **NACTA**, to address the challenges posed by terrorism and ensure better protection for the state and its citizens.

Introduction and Problem Statement:

The amendments introduced in the Act are as follows:

1. **National Coordinator's Role:**
 - The **National Coordinator** of the Authority shall act as the Secretary to the Board.
2. **Special Invitations to Meetings:**
 - The **Board** may invite any person to its meetings on a special invitation basis.
3. **Amendment of Section 8 (Act XIX of 2013):**
 - The **Executive Committee** of the Board shall comprise: a. National Coordinator, NACTA (Convener) b. Additional Secretary, Finance Division (Member) c. Additional Secretary, Interior Division (Member) d. Additional Secretary, Ministry of Foreign Affairs (Member) e. Additional Secretary, Ministry of Law and Justice (Member) f. Additional Secretaries of Home Departments from provinces of Sindh, Punjab, Khyber Pakhtunkhwa, Baluchistan, Gilgit-Baltistan, and Azad Jammu and Kashmir, and a representative of the Chief Commissioner of Islamabad Capital Territory (ICT).

Background History/Evidence:

The National Counter Terrorism Authority (NACTA) was established in 2009 as Pakistan's internal counter-terrorism authority. NACTA's mandate includes devising a comprehensive counter-terrorism strategy addressing short, medium, and long-term goals, along with implementation action plans.

In 2013, the powers and framework of NACTA were formalized under an Act of Parliament. The NACTA 2013 Act outlines its objectives and operational structure.

On 1st October 2019, Senator Azam Khan Swati presented the National Counter Terrorism Authority (Amendment) Bill, 2019 (Ordinance No. VII) in the Senate. The Bill was deliberated upon by the Senate Standing Committee on Interior, which unanimously passed the Bill after discussions.

A key amendment proposed by the Committee was the inclusion of one member from the opposition and one member from the Treasury benches in both the Senate and National Assembly, nominated by the Chairman Senate and Speaker of the National Assembly, respectively, for the Board of Governors of NACTA.

Criteria Used in Making of the Act:

The National Counter Terrorism Authority (Amendment) Act, 2020 is an amendment to the NACTA Act 2011 (XIX of 2013), aimed at enhancing the Authority's efficiency and effectiveness in combating terrorism.

Conclusions:

This Act aligns with the PTI Manifesto's Chapter 7, titled “Ensure Pakistan’s National Security”, which emphasizes:

- **External Dimension:** Strengthening Pakistan’s defense policies.
- **Internal Dimension:** Structural reforms in security agencies and counter-terrorism policies.
- **Defense Policy:** Reinforcing internal security mechanisms to maintain national stability.

The amendments to the **NACTA Act 2020** support PTI’s commitment to reform the criminal justice system, reduce procedural delays, and promote justice by strengthening laws related to national security. The Act also emphasizes improving the operational performance of institutions responsible for counter-terrorism efforts. These reforms have contributed to a noticeable reduction in terrorist activities in Pakistan. However, the true success of the amendments lies in their proper implementation, and further efforts are required to ensure the long-term sustainability of these reforms.

Act no. 21

THE ZAINAB ALERT, RESPONSE AND RECOVERY, ACT 2020

Executive Summary of the Act:

The Zainab Alert, Response, and Recovery Act, 2020 was presented in the National Assembly on Wednesday, 24th April 2019, by Dr. Shireen M. Mazari, the Federal Minister for Human Rights. It received the assent of the President on 19th March 2020. The act establishes a mechanism for raising alerts, responding to, and recovering missing, abducted, abused, or kidnapped children, initially within the Islamabad Capital Territory (ICT), with plans to extend it across Pakistan. The act addresses the alarming rise in violence against children and emphasizes the need for stronger laws and systems to trace, recover, and protect vulnerable children.

Introduction and Problem Statement:

The Zainab Alert, Response, and Recovery Act is divided into five parts, covering seventeen (17) essential provisions, including:

1. Short title, extent, and commencement.
2. Definitions of key terms used in the Act.
3. Establishment of Zainab Alert, Response, and Recovery Agency (ZARRA).
4. Superintendence and administration of ZARRA.
5. Powers and functions of ZARRA.
6. Powers and functions of the ICT Child Protection Advisor.
7. Formation of the Board for overseeing the Act.
8. Registration of FIR.
9. Punishments under the Act.
10. Power to make rules.
11. Power to amend Schedule A of the Act.
12. Financing of ZARRA.
13. Role of Director General, officers, and employees as public servants.
14. Application of the Code of Criminal Procedure (CrPC).
15. Completion of the trial.
16. Act's precedence over other laws.
17. Mechanism for resolving difficulties in implementing the Act.

Key Provisions:

1. **Establishment of Zainab Alert, Response, and Recovery Agency (ZARRA):**
 - ZARRA is created to handle cases of missing and abducted children, with a Director General appointed by the Prime Minister.
 - The agency will coordinate with relevant authorities, maintain databases, and respond to child abduction cases.
 - Helpline 1099 and other related lines will forward relevant complaints to ZARRA.
2. **Superintendence and Administration of ZARRA:**
 - ZARRA is overseen by the **ICT Child Protection Advisory Board** and administered by its Director General.

Background History/Evidence:

The Zainab Alert, Response, and Recovery Act was named after Zainab Ansari, a seven-year-old girl abducted, raped, and murdered in January 2018 in Kasur, Pakistan. Her tragic case exposed the inadequacy of the existing systems for protecting children and prompted a national outcry for more stringent measures. The bill was proposed to address these gaps by creating a formal mechanism to ensure the rapid response and recovery of missing children.

The National Assembly passed the bill on 10th January 2020. Several meetings of the Senate Functional Committee on Human Rights followed, with necessary amendments made before the final act was passed in March 2020. The act emphasizes the timely reporting and investigation of child abduction cases, with police required to inform ZARRA within two hours of receiving information.

Under the Zainab Alert Bill, the police are obligated to file a First Information Report (FIR) under Section 154 of the Criminal Procedure Code. In cases where police officers fail to register an FIR or delay providing information, they face imprisonment and fines. The act also provides stringent punishments for offenders, with a minimum sentence of 10 years and up to life imprisonment, depending on the severity of the case.

Criteria Used in Making the Act:

The act is designed to fulfill Pakistan's obligations under its Constitution, which guarantees the protection of life, liberty, and dignity, especially for children. It also aligns with international conventions such as the United Nations Convention on the Rights of the Child, which Pakistan ratified in 1990. The act is seen as a necessary measure to protect children under the age of 18 from abduction, violence, exploitation, and abuse.

Conclusions:

The Zainab Alert, Response, and Recovery Act, 2020, aligns with PTI's Manifesto, particularly Chapter 2, which focuses on reforming governance. Key manifesto points include:

- Bringing accountability to government institutions.
- Strengthening law enforcement agencies.
- Ensuring speedy access to justice.
- Protecting vulnerable groups, including children.

The government's prompt response following the Zainab Ansari case shows a commitment to preventing such tragedies in the future. While the act was not part of the initial PTI manifesto, it fulfills the broader goal of reforming the criminal justice system and addressing issues of child safety and protection.

In conclusion, this act serves as a significant step toward safeguarding Pakistan's children from predators and promoting justice for victims of abduction and abuse. However, the effectiveness of the act will depend on its full and proper implementation across the country. Stronger enforcement and preventive measures must be in place to ensure the safety and well-being of children, with a focus on eliminating the threat of child predators in Pakistan.

ACT NO. 24 & 25

ANALYSIS OF FINANCE ACT 2020

The National Assembly of Pakistan approved significant tax concessions for certain individuals and influential groups, undermining the tax base expansion efforts and further distorting the tax system. Based on recommendations from the Pakistan Tehreek-e-Insaf (PTI) government, the National Assembly approved the Finance Act 2020, incorporating major amendments that were introduced after the presentation of the budget on June 12, 2020.

Before the budget approval, the government withdrew a proposed new tax on luxury houses and farms located in the Islamabad Capital Territory (ICT). The new tax concessions, which were not part of the original Finance Bill 2020, included reduced income tax rates for engineering services and the shipping business, exemption from tax on the income of Real Estate Investment Trusts (REITs) and certain educational institutions, as well as lower tax rates for electric vehicles and Hajj operators.

A significant reversal was made by amending Section 73, which previously restricted persons from selling goods to unregistered individuals exceeding Rs. 100 million in a year. Initially, this restriction applied solely to manufacturers and producers, but the Federal Board of Revenue (FBR) proposed extending it to all individuals, a move that was later reversed. This change weakens the government's efforts to document the informal economy.

Additionally, capital gains tax rates have been lowered for companies not listed on the stock exchange through an amendment to Section 37-A, which governs tax rates for securities traded at the stock market. The amendment clarified that shares of a public company will be considered as securities if the company is public at the time of disposal of such shares.

Furthermore, resident companies engaged in the hotel business in Pakistan can now claim tax credits against losses for eight years instead of the previous six. The government also approved tax concessions that were opposed by the International Monetary Fund (IMF), such as lower rates for the shipping business and tax exemptions for REITs. The IMF had advised against institution-specific tax exemptions, but the National Assembly granted an income tax exemption for the Foundation University.

The assembly approved a 3% income tax rate for services including engineering, warehousing, asset management, data services provided under licenses issued by the Pakistan Telecommunication Authority (PTA), and telecommunication infrastructure (tower) services. Initially, an 8% advance income tax had been proposed for engineering services, but this was reduced following opposition, benefiting companies engaged in oil and gas exploration and individuals involved in engineering services.

The National Assembly also extended a concessional sales tax rate for the shipping business for an additional seven years, until 2030, despite the IMF's opposition. Donations to Alamgir Welfare Trust International were exempted from income tax, and unconditional income tax exemptions were granted to the Sindh Institute of Urology and Transplantation (SIUT), SIUT Trust, the Society for the Welfare of SIUT, the Shaukat Khanum Memorial Trust, and the National Endowment Scholarship for Talent (NEST). Additionally, the Foundation University was exempted from income tax.

Hajj Group Operators received an exemption from the minimum turnover tax for the tax year 2021, while a resident company engaged in the hotel business was exempted from minimum income tax on turnover from April 1, 2020, to September 30, 2020. The exemption on profits and gains from the sale of immovable property to a REIT scheme focusing on the development and construction of residential buildings was extended until June 2023, representing a three-year extension compared to the one-year extension initially proposed in the Finance Bill 2020.

The assembly also approved exemptions from withholding and advance income tax on cash withdrawals from banks and banking transactions in Pakistani rupees for foreign remittances credited to such accounts during the tax year. Additionally, withholding tax exemptions were approved for commissions charged by retail branchless banking agents for disbursements made under the Ehsaas Emergency Cash Transfer Programme from April 16, 2020, to September 30, 2020.

Under the Electric Vehicle Policy 2020, tax concessions for electric vehicles were approved for five years starting from July 1, 2020. These concessions apply to the import of 10 electric vehicles (completely built units - CBU) of the same variant for assembly or manufacture, limited to a maximum of 200 units for the two- and three-wheeler segments, subject to approval by the Engineering Development Board (EDB). Electric auto-rickshaws, three-wheeler electric loaders, and electric motorcycles can be imported at 50% of the current customs duty rate, while electric buses, trucks, and prime movers can be imported with a 1% duty.

The assembly approved a 5% sales tax exemption on oil cakes and other solid residues. Sales tax rates on the import of mobile phones in CKD (completely knocked down) kits for certain categories were lowered, and a fixed sales tax of Rs. 10 per set was introduced on locally manufactured mobile phones in CBU (completely built-up) condition, along with a fixed tax at the import stage.

Additionally, the National Assembly authorized the FBR to connect its database with those of the National Database and Registration Authority (NADRA), the Emigration Office, the Federal Investigation Agency (FIA), provincial and local land record authorities, and all electricity suppliers and gas transmission companies. Companies registered under the Limited Liability Partnership Act, 2017, were allowed to avail themselves of the Prime Minister's Construction Sector Tax Amnesty Scheme. The assembly also approved maintaining the withholding tax rate for mutual funds at 15%, instead of the 25% initially proposed in the budget.

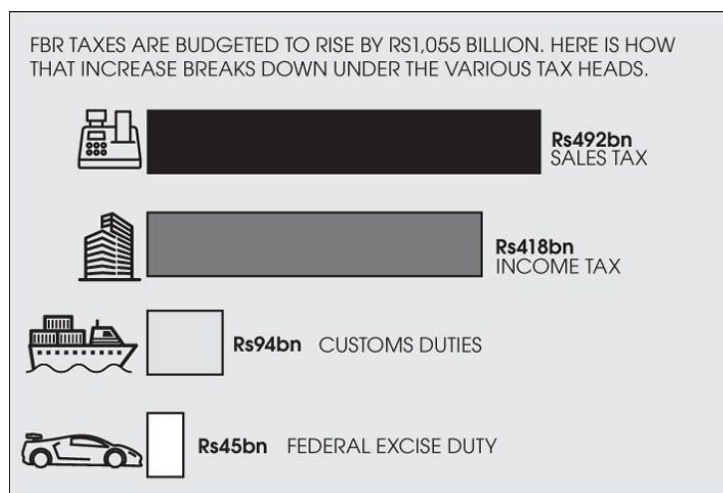
The budget proposal to impose a 25% regulatory duty on energy drinks has been withdrawn. Additionally, the duties on imported tobacco products such as cigarettes, cigars, cheroots, and cigarillos have been set at a rate of 65%, as opposed to the originally proposed 100%.

In an effort to lower costs, the excise duty on cement has been reduced by 50 paisa to Rs1.5 per kg, which will result in a price decrease of approximately Rs50 per bag of cement.

The Ministry of Finance did not adopt the recommendations made by the Senate Standing Committee on Finance and instead proceeded with amendments approved by the National Assembly, according to its own discretion. One of the key changes is that instead of presenting detailed breakdowns of each demand for grant in the Annual Budget Statement, only "major objects for each demand for grant" will be presented before the parliament.

Furthermore, the Ministry of Finance rejected the Senate's demand for presenting the annual budget before the standing committees. Instead, a report on the budget will be presented.

Ref: <https://tribune.com.pk/story/2252577/finance-bill-2020-na-approves-major-tax-relief>



The second budget of the PTI government is focused on reducing input costs for industries and personal protection equipment for frontline healthcare workers. However, it lacks clarity on how the government plans to meet the Rs 1,055 billion increase in the Federal Board of Revenue (FBR) target.

Top tax officials have mentioned that the revenue changes introduced in the finance bill are designed to provide Rs45 billion in tax relief to industries and individuals. Out of this, Rs25 billion is being provided through reduced duty rates and the abolishment of a 2% additional customs duty on industrial raw materials and semi-finished products. Under income tax and sales tax, the FBR estimates revenue relief of Rs20 billion, with Rs7 billion coming from the abolishment of nine withholding taxes and Rs13 billion from the reduction in withholding tax rates on cement.

Despite the relief measures, background discussions with officials from the finance division and the FBR suggest that the government has other strategies in place to cover the expected shortfall in revenue collection.

One official revealed that Finance Adviser Dr. Abdul Hafeez Shaikh informed the cabinet that the shortfalls in FBR revenue would be compensated through four non-revenue measures: the petroleum

development levy, profits from the State Bank of Pakistan, privatization of at least three state-owned enterprises, and further expenditure cuts.

The government is optimistic that the International Monetary Fund (IMF) will revise the Federal Board of Revenue (FBR) revenue target after a review, as it has done previously, including twice before the COVID-19 pandemic in the current fiscal year. Another key source indicated that the FBR expects a shortfall of Rs400-500 billion in 2020-21, mainly due to partial lockdowns that could extend through the first two quarters of the fiscal year.

In discussions with *Dawn*, a senior tax official did not rule out the possibility of a mini-budget if the economy shows signs of revival. The FBR is banking on significant revenue from the construction sector and aims to activate over Rs555 billion worth of measures introduced in the previous budget that were not fully implemented. Additionally, the FBR expects to generate Rs200-Rs250 billion from income tax revenue measures this year. The revival of imports will also contribute to revenue, as nearly 50% of the total taxes are collected at the import stage.

Sales Tax Adjustments:

- The minimum threshold for retailers to obtain the CNIC of buyers has been increased from Rs50,000 to Rs100,000.
- Sales tax exemptions for health-related items have been extended for another three months, and dietetic foods have been exempted from sales tax at the import stage.
- To promote documentation, the sales tax rate for the organized retail sector integrated with the FBR through the Point of Sale system has been reduced from 14% to 12%.
- The concept of active and non-active taxpayers has been introduced for sales tax and Federal Excise Duty (FED).

Further, tax policies related to mobile manufacturing, tax concessions, and exemptions for Gwadar Port and Gwadar Free Zone were incorporated into the Finance Bill 2020. The government has empowered the Alternative Dispute Resolution Committee (ADRC), allowing taxpayers to withdraw cases from courts or appellate authorities after the ADRC's decision. Once the taxpayer conveys their decision to the authorities, it becomes binding.

Additionally, the FBR has been given the authority to set minimum production levels based on specific inputs and wastage rates. The FBR will also have access to databases from entities such as the National Database and Regulatory Authority (NADRA), the Federal Investigation Agency (FIA), and provincial excise and taxation departments to enhance its oversight and tax collection efforts.

Income Tax

The government has abolished nine withholding tax provisions, including taxes on:

- Education-related expenses,
- Steel melting and composite units,
- Withdrawal of pension fund balances,
- Local purchases of cooking oil or vegetable ghee,
- Functions and gatherings,
- Cable operators and other electronic media,
- Dealers and commission agents,
- Insurance premiums, and

- Tobacco.

To rationalize the withholding tax regime, the government has reduced withholding tax on raw materials from 5% to 2% and on capital goods to 1%. The withholding tax rate on finished goods will be maintained at 5.5% regardless of the importer's status, though concessional rates for specific items, such as steel scrap, fertilizers, LNG, gold, and cotton, remain unchanged.

The threshold for becoming a prescribed person for withholding tax on supplies and services contracts has been increased from Rs50 million to Rs100 million. For sales tax, it is now Rs100 million to qualify as a withholding agent.

For immovable property sold by auction, the withholding tax rate has been halved from 10% to 5%. Additionally, to create a level playing field for non-residents, the rate has been reduced from 8% to 3% on certain services.

The government has also eliminated the distinction between plots and constructed properties for determining capital gains. The holding period for capital gains taxation on immovable property has been restricted to four years, and the rates on capital gains from property disposal have been reduced.

Thresholds for declaring expenditures made in cash have been increased. Payments of up to Rs25,000 (up from Rs10,000) can now be made without a bank, while the limit for single-source payments has been raised to Rs250,000 (up from Rs50,000). The monthly threshold for expenditure without using a bank was also increased from Rs15,000 to Rs25,000.

Withholding tax on cash withdrawals is exempted to the extent of foreign remittances, and property expenses for individuals and associations of persons are now adjustable. Non-residents can invest in government debt instruments through a non-resident rupee account or an international currency account.

The government plans to establish a centralized Income Tax Refund system, and Hajj operators are exempted from withholding tax on payments to non-residents. Advance tax on vehicles up to 200cc is exempted, and taxes on auctioned immovable property can now be paid in installments. Exemption certificates for publicly listed companies will be issued within 15 days, and advance tax collection by educational institutions will not apply to those on the active taxpayers' list.

Non-revenue measures include enabling e-audits, streamlining the alternate dispute resolution mechanism, and strengthening compliance by non-profit organizations. The government has extended concessions to the Gwadar Port and Free Zone, the construction industry, and COVID-19 relief measures provided through SROs.

Customs Duty

The reduction in customs duties provides significant relief for industries, some ordinary people, and helps to discourage smuggle-prone items.

The government abolished the additional 2% customs duty on more than 1,600 tariff lines, which include over 20,000 items, representing 20% of the total non-agricultural tariff lines. These items include chemicals, leather, textiles, rubber, and fertilizers.

A second major relief for the industrial sector involves reducing the duty slab from 11% to 3% or zero on 90 tariff lines, which include raw materials and semi-finished products. Additionally, customs duty on 200 tariff lines was reduced from 20%, 16%, and 11% to lower rates.

Similarly, the regulatory duty on hot-rolled coils of iron and steel was reduced from 12.5% and 17.5% to 6% and 11%, respectively. Duties on 136 smuggle-prone items such as cloth, sanitary ware, electrodes, blankets, and padlocks were also lowered to bring them under legal import channels.

Further relief was granted to manufacturers, including duty exemptions on the import of raw materials for Nashiran-e-Quran, Butyl Acetate, syringes, saline infusion sets, buttons, interlining/buckram, wire rods, beverage can manufacturers, the food packaging industry, and custom duty exemptions on machinery and equipment for setting up internet cable landing stations.

For the general public, the government extended the exemption on 61 items related to COVID-19, initially set to expire on June 20. The exemption of 2% additional customs duty on edible oil and oilseed imports was also prolonged.

Additionally, the government exempted the import of dietetic foods for children with inherited metabolic disorders, inputs for ready-to-use supplementary foods (RUSF), and waived all duties and taxes on the import of diagnostic kits for cancer, coronavirus, and the life-saving drug Meglumine Antimonite for leishmaniasis treatment.

Customs duty exemption on imports for setting up new industries in the erstwhile Federally Administered Tribal Areas (FATA) was extended to 2023. However, the government increased the regulatory duty on 18 tariff lines for items that are locally manufactured.

To further support the soap manufacturing industry, the government reduced additional customs duty on Palm Stearin, and the scope of concessions for Special Economic Zones was expanded. The concept of advance ruling in customs was introduced, and minimum penalty powers were granted to customs officers to take action against individuals involved in smuggling.

Federal Excise Duty

The federal excise duty (FED) on cigars, cheroots, cigarillos, and cigarettes has been increased to 100% of the retail price, up from 65%. Additionally, the duty on filter rods has been raised to Rs1 per filter unit, up from Rs0.75.

The government has also introduced a levy of Rs10 per ml on e-liquids for electronic cigarettes and imposed a 25% FED on caffeinated energy drinks.

A 7.5% ad valorem FED has been imposed on locally manufactured double cabin (4x4) pick-up vehicles, while imported ones will now be subject to a 25% FED.

In a relief measure, the FED on cement has been reduced to Rs1.75 per kg, down from Rs2.

Furthermore, the Federal Board of Revenue (FBR) has been empowered to determine minimum production levels based on inputs and to regulate wastage. The scope for seizing non-duty paid goods has been expanded to include all products subject to FED, in addition to cigarettes and beverages.

Ref: <https://www.dawn.com/news/1563183>



YOUTH GENERAL ASSEMBLY