



**State Bank of Pakistan**  
Banking Policy & Regulations Department  
I. I. Chundrigar Road, Karachi.

CONFIDENTIAL

No. BPRD/RPD/FBR/10644/2020

September 24, 2020

Presidents/ Chief Executives,  
All Banks

Dear Sir/ Madam,

**CONSTRUCTION SECTOR PACKAGE UNDER SECTION 100D OF THE INCOME  
TAX ORDINANCE, 2001**

Please find enclosed the FBR letter No. 4(67)/IT-Budget/2020 dated September 24, 2020 along with its enclosures on the above subject for necessary action as per instructions contained in the said FBR Letter.

Yours Truly,

  
(Muhammad Akhtar Javed)  
Director

**Encl: as above**

**Government of Pakistan  
Revenue Division  
Federal Board of Revenue**

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No 4(67)/IT-Budget/2020

Islamabad, the September 24, 2020

**Subject:- CONSTRUCTION SECTOR PACKAGE UNDER SECTION 100D OF  
THE INCOME TAX ORDINANCE, 2001**

The Federal Government has introduced a Package for Construction Sector vide the Tax Laws (Amendment) Ordinance, 2020, copy of which is enclosed herewith.

2. In order to facilitate the individual investors to open the bank account and deposit money in it as required under the package, FBR shall provisionally register such investors through its online portal. The investors successfully registered with FBR (provisionally) shall take a print of the registration certificate and present the same to his/her bank along with the enclosed affidavit, duly signed, for opening the account and depositing the money in the account. The status of registration of investors shall be changed from provisional to "Registered" on receipt of evidence of deposit of declared funds in the bank account.

3. It is requested that the above instructions may kindly be issued to banking companies / financial institutions with the advice that the investors interested in availing the construction package may be facilitated in opening of bank accounts and deposit of money therein on the above lines.

*Encl: A.A*

  
(Ch. Muhammad Tarique)  
Member (Inland Revenue Policy)

**Deputy Governor,**  
State Bank of Pakistan,  
Karachi.

(17) after section 100C, amended as aforesaid, the following new section shall be inserted, namely:—

**“100D.- Special provisions relating to builders and developers.—** (1) For tax year 2020 and onwards, the tax payable by a builder or a developer, as defined in sub-section (9), who opts to pay tax under this section shall be computed and paid in accordance with the rules in the Eleventh Schedule on a project by project basis on the income, profits and gains derived from the sale of buildings or sale of plots, as the case may be, from—

- (a) a new project to be completed by the 30<sup>th</sup> day of September, 2022; or
- (b) an incomplete existing project to be completed by the 30<sup>th</sup> day of September, 2022:

Provided that any income, profits and gains of a builder or developer of an incomplete existing project earned up to tax year 2019 shall be subject to the provisions of this Ordinance as were in force prior to the commencement of the Tax Laws (Amendment) Ordinance, 2020 (Ordinance I of 2020):

Provided further that any income of a builder or developer other than income, profits and gains subject to this section shall be subject to tax as per the provisions of this Ordinance.

- (2) Where sub-section (1) applies, —

- (a) the income shall not be chargeable to tax under any head of income in computing the taxable income of the person;
- (b) no deduction shall be allowed under this Ordinance for any expenditure incurred in deriving the income;
- (c) the amount of the income shall not be reduced by —
  - (i) any deductible allowance under Part IX of Chapter III; or
  - (ii) the set off of any loss;
- (d) no tax credit shall be allowed against the tax payable under sub-section (1) except credit for tax under section 236A or 236K collected from the builder or developer after the commencement of the Tax Laws (Amendment) Ordinance, 2020 (I of 2020) on purchase of immoveable property utilized in a project;
- (e) there shall be no refund of any tax collected or deducted under this Ordinance;
- (f) if the tax payable has not been paid or short paid, the said amount of tax may be recovered and all the provisions of this Ordinance shall apply accordingly; and
- (g) sections 113 and 113C shall not apply on the turnover, income, profits and gains of a builder or developer from a project.



(3) The provisions of section 111 shall not apply to capital investment made in a new project under clause (a) of sub-section (1) in the form of money or land, subject to the following conditions, namely:—

(a) if the investment is made by a builder or developer being an individual —

(i) in the form of money, such builder or developer shall open a new bank account and deposit such amount in it on or before the 31<sup>st</sup> day of December, 2020; or

(ii) in the form of land, such builder or developer shall have the ownership title of the land at the time of commencement of the Tax Laws (Amendment) Ordinance, 2020 (I of 2020);

(b) if the investment is made by a person in a project through a company or an association of persons,—

(i) such company or association of person shall be a single object (builder or developer) company or association of persons registered under the Companies Act, 2017 (XIX of 2017), the Limited Liability Partnership Act, 2017 (XV of 2017) or the Partnership Act, 1932 (IX of 1932), as the case may be, after the date of commencement of the Tax Laws (Amendment) Ordinance, 2020 (I of 2020) and on or before the 31<sup>st</sup> day of December, 2020; and

- (ii) the person shall be a member or shareholder of such association of persons or company, as the case may be;

and if the capital investment is made,—

- (i) in the form of money, such amount shall be invested through a crossed banking instrument deposited in the bank account of such association of persons or company, as the case may be, on or before the 31<sup>st</sup> day of December, 2020; or
- (ii) in the form of land, such land shall be transferred to such association of persons or company, as the case may be, on or before the 31<sup>st</sup> day of December, 2020:  
Provided that the person shall have the ownership title of the land at the time of commencement of the Tax Laws (Amendment) Ordinance, 2020 (I of 2020);
- (c) a person making an investment under clause (a) or (b) shall submit a prescribed form on Iris web portal;
- (d) the money or land invested under clause (a) or (b) shall be wholly utilized in a project; and
- (e) completion of the project shall be certified in the following manner, namely:—
  - (i) in case of a builder, the map approving authority or NESPAK shall certify that grey structure as per the

approved map has been completed by the builder on or before the 30<sup>th</sup> day of September, 2022; and

(ii) in case of a developer,—

(A) the map approving authority or NESPAK shall certify that landscaping has been completed on or before the 30<sup>th</sup> day of September, 2022;

(B) a firm of chartered accountants having an ICAP QCR rating of 'satisfactory', notified by the Board for this purpose, shall certify that at least 50% of the plots have been booked for sale and at least 40% of the sale proceeds have been received by the 30<sup>th</sup> day of September, 2022; and

(C) at least 50% of the roads have been laid up to sub-grade level as certified by the approving authority or NESPAK.

(4) The provisions of section 111 shall also not apply to.—

(a) the first purchaser of a building or a unit of the building purchased from the builder in respect of purchase price of the building or unit of the building subject to the following conditions, namely:—

(i) full payment is made through a crossed banking instrument to the builder during a period starting from

the date of registration of the project with the Board under this section and ending on the 30<sup>th</sup> day of September, 2022, in case the purchase is from a new project; and

- (ii) full or balance amount of payment is made through a crossed banking instrument to the builder during a period starting from the date of registration of the project with the Board under this section and ending on the 30<sup>th</sup> day of September, 2022, in case the purchase is from an existing incomplete project; and
- (b) the purchaser of a plot who intends to construct a building thereon, if –
  - (i) the purchase is made on or before the 31st day of December, 2020;
  - (ii) the full payment is made on or before the 31st day of December, 2020 through a crossed banking instrument;
  - (iii) construction on such plot is commenced on or before the 31st day of December, 2020;
  - (iv) such construction is completed on or before the 30<sup>th</sup> day of September, 2022; and
  - (v) the person registers himself with the Board on the online Iris web portal.



(5) Where sub-section (3) or (4) apply, the value or price of land or building, as the case may be, shall be the higher of clause (a) or (b) below:—

- (a) 130% of the fair market value as determined by the Board under sub-section (4) of section 68; or
- (b) at the option of the person making investment, the lower of the values as determined by at least two independent valuers from the list of valuers approved by the State Bank of Pakistan.

(6) Sub-sections (3) and (4) shall not apply to —

- (a) holder of any public office as defined in the Voluntary Declaration of Domestic Assets Act, 2018 or his benamidar as defined in the Benami Transactions (Prohibition) Act, 2017 (V of 2017) or his spouse or dependents;
- (b) a public listed company, a real estate investment trust or a company whose income is exempt under any provision of this Ordinance; or
- (c) any proceeds derived from the commission of a criminal offence including the crimes of money laundering, extortion or terror financing but excluding the offences under this Ordinance.

(7) Dividend income paid to a person by a builder or developer being a company out of the profits and gains derived from a project shall be exempt from tax.

(8) Notwithstanding anything contained in this section or the Eleventh Schedule, where a return or declaration has been made through misrepresentation or suppression of facts, such return or declaration shall be void and all the provisions of this Ordinance shall apply:

Provided that no action under this sub-section shall be taken if such misrepresentation has been made on account of a bona fide mistake:

Provided further that no action under this sub-section shall be taken without providing an opportunity of being heard and without prior approval of the Board.”;

(9) In this section,—

- (a) “builder” means a person who is registered as a builder with the Board and is engaged in the construction and disposal of residential or commercial buildings;
- (b) “capital investment” means investment as equity resources and does not include borrowed funds;
- (c) “developer” means a person who is registered as a developer with the Board and is engaged in the development of land in the form of plots of any kind either for itself or otherwise;

- (d) “existing project” means a construction or development project, which –
  - (i) has commenced before the date of commencement of the Tax Laws (Amendment) Ordinance, 2020;
  - (ii) is incomplete;
  - (iii) is completed on or before the 30th day of September, 2022; and
  - (iv) a declaration is provided in the registration form under Eleventh Schedule to the effect of percentage of the project completed up to the last day of the accounting period pertaining to tax year 2019;
- (e) “first purchaser” means a person who purchases a building or a unit, as the case may be, directly from the builder and does not include a subsequent or a substituted purchaser;
- (f) “new project” means a construction or development project, which –
  - (i) is commenced during the period starting from the date of commencement of the Tax Laws (Amendment) Ordinance, 2020 and ending on the 31<sup>st</sup> day of December, 2020; and
  - (ii) is completed on or before the 30<sup>th</sup> day of September, 2022;

(g) “project” means a project for construction of a building with the object of disposal, or a project for development of land into plots with the object of disposal or otherwise;

(h) “registered with the Board” means registered after submission of form on project-by-project basis on the online Iris web portal;

(10) The provisions of the Ordinance not specifically dealt with in this section or the rules made thereunder shall apply *mutatis mutandis* to builders and developers in so far as they are not inconsistent with this section or the rules made thereunder.”;