



KSE/N-3722

July 6, 2009

NOTICE FOR ALL MEMBERS

IMPOSITION OF FEDERAL EXCISE DUTY (FED) ON SERVICES PROVIDED BY STOCKBROKERS

It may be mentioned that the Federal Government vide Finance Act, 2009 has levied Federal Excise Duty (FED) at 16%, in sales tax mode, on the commission earned in respect of the services provided by the stock exchange brokers (the brokers). It may be noted that the FED has been levied on the magnitude of the gross commission in respect of sale and purchase of shares, therefore the same is required to be shown in the transaction statement separately. As a result of such imposition, all concerned members are now required to apply for Federal Excise registration immediately and start maintaining the prescribed record for the purpose. The Brokers of the Exchange shall be liable to pay the Federal Excise Duty directly to the Federal Excise Department.

The brokers are also advised to contact their respective tax advisers for information regarding the registration. Furthermore, the brokers may also download the registration forms from the following FBR's website link for the needful purposes.

www.cbr.gov.pk/newst/Downloads/Salestaxforms/2009/STR1WithInstruction.pdfww

In order to facilitate the members, we had sought advice from our tax consultants whose letter is enclosed for information.

Ahmed.A.Mitha

Chief Financial Officer

Encl: As Above

Copy to :

1. The Commissioner (SM), Securities & Exchange Commission of Pakistan
2. The Managing Director, Lahore Stock Exchange (Guarantee) Limited
3. The Managing Director, Islamabad Stock Exchange (Guarantee) Limited
4. The Chief Executive, Central Depository Company of Pakistan Limited
5. The Chief Executive, National Clearing Company of Pakistan Limited
6. The General Manager – IT
7. The General Manager – Operations
8. The General Manager – Risk Management
9. The General Manager – Law
10. KSE Website