



PRESS RELEASE

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(Karachi, July 9, 2010): A senior team of FBR led by Mr. Asrar Raouf, Honorable Member Tax Policy, Federal Board of Revenue, met with representatives of the Karachi Stock Exchange to address issues related to capital gains tax. A consensus was reached on achieving tax payer facilitation to ensure widening of the tax net. Confidence building measures to achieve this include:

1. The committee considered various proposals to avoid hard-ship to tax-payers. A sub-committee comprising members from FBR, and The Karachi Stock Exchange was constituted to consider the same.
2. FBR will establish a separate cell for facilitation of foreign investors at LTU and RTO. This information will be provided to the Stock Exchange.
3. Financing income/markup under securities lending and borrowing regulations, margin financing and any other leverage products as approved by SECP, would be taxed at the rate of 10%, as full and final tax.
4. Gain or loss under day trading and trading in derivative products would be subject to CGT under section 37A of the income tax ordinance.
5. Suggestions of the Exchange with reference to carry forward of capital losses was discussed and shall be given due consideration.
6. All other modalities with respect to computation of CGT were agreed upon.

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