

BUSINESS RECORDER

Karachi, Thursday 23 June 2011, 20 Rajab 1432

Sindh coal-based power, mining projects granted tax exemption

RECORDER REPORT

ISLAMABAD: The Federal Board of Revenue (FBR) has announced tax exemption for coal mining and coal-based power generation projects in Sindh.

According to recently issued SRO.609(I)/2011, the FBR has substituted the words "With respect to a project situated in the Special Economic Zone at Thar coalfield" with the "Coal Mining and Coal Based Power Generation Projects in Sindh" under the Second Schedule of the Income Tax Ordinance 2001.

Earlier, through SRO 317 dated April 19, 2011, clause (78) was inserted in Part I of Second Schedule creating the following tax exemptions for a project situated in Special Economic Zone at Thar Coalfield:-

(i) the dividend income of the shareholders of such a project shall be Exempt from provisions of section 150 from the date of commencement of business till 30 years from such date; and (ii) The payments made on account of sale or supply of goods or Providing or rendering of services during project construction.

However, the Ministry of

Water and Power later required after that as per ECC's decision such facility is to be notified for whole or the coal sector in Sindh. Therefore, the following amendment has been made vide SRO. 609(I)/2011 dated 13th June, 2011 to extend this incentive to coal mining and coal based power generation for whole of the Sindh province. "With respect to a project situated in the Special Economic Zone at Thar coalfield" the words "Coal Mining and Coal Based Power Generation Projects in Sindh" shall be substituted, SRO.609(I)/2011 added.