

Government of Pakistan  
Federal Board of Revenue  
(Revenue Division)

\*\*\*\*\*

Circular No. 02 of 2009  
**INCOME TAX.**

No.C.4(12)ITP/2007-S-233A

Islamabad, March 26, 2009

Subject: **ANOMALY ARISING OUT OF AMENDMENTS IN SECTION 233A – COLLECTION OF TAX BY A STOCK EXCHANGE REGISTERED IN PAKISTAN.**

The reference has been made to the Board to clarify that who will take the credit of the tax withheld under clause (c) of sub-section (1) of section 233A of the Income Tax Ordinance, 2001. Whether the Member of the Stock Exchange or the seller of shares who did the trading of shares through the said Member?

2. The matter has been considered. Though the tax in respect of trading of shares is deducted from the member by the stock exchange yet the tax so withheld under clause (c) of sub-section (1) of section 233A of the Income Tax Ordinance, 2001, does not pertain to him exclusively. He is only an intermediary and the tax withheld under the aforesaid provisions of law, belongs to the seller of shares also who traded through him. Legally speaking, the seller is entitled to take the credit of the tax so withheld as well as the member in respect of the shares owned by him. The member of the stock exchange is the custodian of the record, as the transactions of shares are made through him on the stock exchange.

3. It is, therefore, clarified that the Member would certify the quantum of tax withheld from each person traded through him and shall furnish a statement, to the concerned Director General, RTO, for the verification of claim of the taxpayers who traded the shares through him.

**(Manzoor Hussain Shad)**

Secretary (IT Policy)

Ph : 920556