

**GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
FEDERAL BOARD OF REVENUE
[INLAND REVENUE]**

F.No.3(56)(Int.Taxes)/1995

Islamabad, January 18, 2013

**Circular No. 01 of 2013
(International Taxes)**

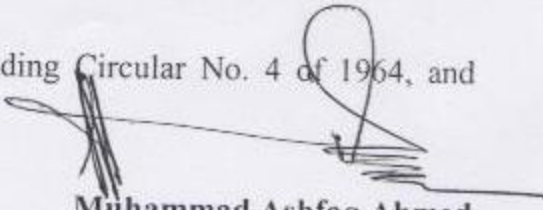
Subject: Taxability of Joint Ventures in which one Partner is a Non-Resident Company – Instructions Regarding

It has been brought to the notice of the Board that the taxation of non-resident Association of Persons (AOPs)/Joint Ventures (JVs) has been meted out differencing treatments across jurisdictions on the basis of Circular No. 4 of 1964, and Circular No. 8 of 1986, and other instructions issued by the Board from time to time.

2. The matter has been reconsidered at the Board and it has been decided that the income of JVs under all circumstances is to be assessed in the capacity of an AOP as per clear provisions of Section 92 of the Income Tax Ordinance, 2001 (hereinafter "the Ordinance"), and the income of the AOP per se is liable to tax and the tax deducted under clauses (a) and (b) of Section 153 of the Income Tax Ordinance, 2001, on receipt of Pakistan source income of AOP is final discharge of tax liability as per Section 169 of the Ordinance. Therefore, no exemption certificate u/s 153 of the Ordinance should be issued on the plea that the income of JV/AOP is either exempt from tax or tax is 'adjustable.'"

3. Field formations are, therefore, required to undertake corrective measures where exemption certificates/refunds have been issued, and particulars of all such cases may also be forwarded to the Board.

4. All instructions issued on the subject till now including Circular No. 4 of 1964, and Circular No. 8 of 1986, hereby stand rescinded.


Muhammad Ashfaq Ahmed
Secretary
(International Taxes)

Distribution:

- (i) Special Assistant to Chairman, FBR
- (ii) Private Secretaries to all Members, FBR
- (iii) Chief Commissioners Inland Revenue, LTUs/RTOs
- (iv) Director Generals, IR, FBR
- (v) Chiefs, Inland Revenue Wing, FBR
- (vi) Secretaries, Inland Revenue Wing, FBR
- (vii) 2nd Secretaries, Inland Revenue Wing, FBR