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PART II

Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN

FEDERAL BOARD OF REVENUE

(Revenue Division)

NOTIFICATION

Islamabad, the 28th August, 2023

S.R.O. 1117 (I)/2023.— In exercise of the powers conferred by sub-section (1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Income Tax Rules, 2002, the same having been previously published *vide* Notification No. S.R.O. 229(I)/2023, dated the 28th day of February, 2023, as required by sub-section (3) of section 237 of the said Ordinance, namely:

In the aforesaid Rules, after Chapter XIII, the following new Chapter XIIIA shall be added, namely: —

"Chapter XIIIA
Record of Beneficial Owners

83A. Application of Chapter. — (1) The rules in this chapter shall be applicable for the purposes of section 181E of the Income Tax Ordinance, 2001 (XLIX of 2001) providing for record of beneficial owners.

(2) Every company and association of persons (AOP), on its initial registration with FBR, shall electronically furnish the particulars of its beneficial owners to the Board as prescribed in Form BOF-01 of Part IXA of the First Schedule to these rules through Board's online system.

(3) Every company and AOP, already registered with FBR, shall electronically furnish the particulars of its beneficial owners to the Board on or before the 31st day of December, 2023, as prescribed in Form :BOF-01 of Part IXA of the First Schedule to these rules through Board's online system.

(4) The record of the beneficial owners shall be updated whenever there is a change in any of the particulars of the beneficial owner as stipulated in Form (BOF¬01) of Part IXA of the First Schedule of these rules, within 30 days from the date when the change occurs.

(5) In case of non-profit organization as defined under section 2(36) of the Income Tax Ordinance, 2001, the settlor, trustee, founder, promoter, beneficiary, class of beneficiary, as the case may be, will be the beneficial owners of the non-profit organization:

Provided that where the beneficiary or class of beneficiary of the non-profit organization is general public, the beneficiary or class of beneficiary of such non-profit organization shall be exempted from the requirement of providing information of beneficial owners under this rule.

(6) In case there is no change in the beneficial owners of the Company or AOP throughout a particular tax year, the Company or AOP as the case may, shall furnish a "Certificate of Confirmation for Beneficial Owner" to this effect as prescribed in Form (BOF-02) under Part IXA of the First Schedule to these rules through Board's online system along with the Income Tax return to be filed for that tax year.

83B. Definitions. —In this Chapter unless there is anything repugnant in the subject or context, –

(1) "Board" means Federal Board of Revenue as defined in section 2(8) of the Income Tax Ordinance, 2001 (XLIX of 2001);

(2) "chain of ownerships" means all the legal entities and the legal arrangements through which the ownership rights (shareholdings) of a company or AOP are ultimately held by the natural person;

(3) "contractual association" means the legal tie or contractual tie of two or more persons and/or legal entities and/or legal arrangements on the basis of a contract executed by the parties of the contract;

(4) "direct means" means (i) exercise of control by natural person including exercise of ultimate control over a company or AOP through direct ownership i.e. without having ownership of intervening legal person or persons between the natural persons and the company or AOP, as the case may be, or (ii) exercise of control through voting rights;

(5) "indirect means" means exercise of control through means other than the direct means, and includes but not limited to means of control through (i) chain of ownerships; (ii) joint control arrangement; (iii) contractual associations; (iv) personal or family connections; or (v) senior managerial position;

(6) "joint control arrangement" means a situation where two or more natural or legal persons, each having ownership or voting rights of less than twenty-five percent, but their aggregate ownership or voting rights is twenty-five percent or more in a company or AOP and exercise or may exercise control over that company or AOP for being associates to each other in terms of section 85 of the Income Tax Ordinance, 2001 (XLIX of 2001); and

(7) "ultimate effective control" means a situation in which ownership or control is ultimately exercised through direct or indirect means.

83C. **Record of beneficial owner**.—(1) The beneficial owner who exercise ultimate effective control over a company or AOP through direct ownership rights (through shareholding) of twenty-five percent or more, shall provide the following particulars or information, namely:–

(a) name of beneficial owner;

(b) father's name or spouse's name;

(c) date of birth;

(d) nationality of beneficial owners;

(e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owner;

(f) percentage of shareholding or ownership interest held by the beneficial owner;

(g) date of acquisition of ownership interest; and

(h) residential and commercial address of the beneficial owner.

(2) The beneficial owner who exercises ultimate effective control over the company or AOP through ownership rights of twenty-five percent or more through chain of ownerships, shall provide the following particulars and information, namely:—

(a) name of beneficial owner;

(b) father's name or spouse's name;

(c) date of birth;

(d) nationality of beneficial owner;

(e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owner;

(f) particulars of legal owner i.e. all legal entities and arrangements through which the company or AOP is indirectly owned by the beneficial owner, including –

(i) name of the legal owners;

(ii) type of legal owner involved in chain of ownership e.g. joint stock company, limited liability company, foundation, trusts etc.;

(iii) country of incorporation or registration of legal owner;

(iv) incorporation or registration details of the legal owner i.e. incorporation or registration number, date of incorporation or registration and name of incorporating or registering authority; and

(v) registered address of the legal owner;

(g) percentage of shareholding or ownership interest held by the beneficial owner;

(h) date of acquisition of ownership interest; and

(i) residential and commercial addresses of the beneficial owners.

(3) The beneficial owner who exercises ultimate effective control over the company or AOP through joint control arrangement, shall provide the following particulars, namely:—

(a) name of beneficial owner;

(b) father's name or spouse's name;

(c) date of birth;

(d) nationality of beneficial owners;

(e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owners;

(f) nature of relationship between the beneficial owners involved in joint control arrangement For example, Mr. X who holds x percentage of ownership interests in M/s ABC company or AOP is the spouse of Ms. Y who holds y percentage of ownership interest in M/s ABC company or AOP, such as –

(i) relatives;

(ii) friends; and

(iii) other associates; (Please specify).

(g) percentage of shareholding or ownership interest of each beneficial owner involved in joint control arrangement;

(h) date of acquisition of ownership interest by each beneficial owner; and

(i) residential and commercial addresses of the beneficial owners.

(4) The beneficial owner, who exercises ultimate effective control over the company or AOP through voting rights, shall provide the following particulars, namely:—

(a) name of beneficial owner;

(b) father's name or spouse's name;

(c) date of birth;

(d) nationality of beneficial owner;

(e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owner;

(f) nature and details of voting rights that provide the effective control to the beneficial owner;

(g) percentage of voting rights held by the beneficial owner;

(h) residential and commercial addresses of the beneficial owners.

(5) The beneficial owner, who exercises ultimate effective control over the company or AOP through contractual associations, shall provide the following particulars and information, namely: -

(a) name of beneficial owner;

(b) father's name or spouse's name;

(c) date of birth;

(d) nationality of beneficial owner(s);

(e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owner;

(f) nature and details of the contract which provides effective control over the company or AOP to the contracting parties of the contract. Copy of the contract shall be provided to the Board; and

(g) residential and commercial addresses of the beneficial owner.

(6) The beneficial owner who exercises ultimate effective control over the company or AOP through personal or through family connections with the owners, directors or management of the company or AOP shall provide the following particulars and information, namely: —

(a) name of beneficial owner;

(b) father's name or spouse's name;

(c) date of birth;

(d) nationality of beneficial owners;

(e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owner;

(f) nature and details of the personal and family connection which provides effective control to the beneficial owner [e.g. Mr. X (the beneficial owner) has influence over the company or AOP for being associated to Mr. Y (company's managing director)]; and

(g) residential and commercial addresses of the beneficial owner.

(7) The beneficial owner who exercises ultimate effective control over the company or AOP through senior managerial position or other indirect means shall provide the following particulars and information, namely: —

(a) name of beneficial owner;

(b) father's name or spouse's name;

(c) date of birth;

(d) nationality of beneficial owner;

(e) CNIC, NICOP, NTN, passport number or foreign national identity number of beneficial owner;

(f) managerial position held by senior managing officer and the nature of control he exercises in the company or AOP [For example, Mr. X the CEO of the company holds the power of appointing or removing the directors of the company];

(g) date of acquisition of senior management position in the company or AOP; and

(h) residential and commercial addresses of the beneficial owner.

83D. The Cascading Process for recording of beneficial ownership information. — (1) Rule 83C represents a cascading process which entails three Tests. Rule 83C(1), 83C(2), 83C(3) and 83C(4) shall collectively represent Test 1. Rule 83C(5) and 83C(6) shall collectively represent Test 2 and Rule 83C(7) shall represent Test 3 of the cascading process.

(2) The three Tests of the cascading process shall be applied in succession when a previous test has been applied but has not resulted in the identification of all beneficial owner i.e. Test 2 shall only be applied in case if there is doubt as to whether a person with controlling ownership interest is a beneficial owner, or where no beneficial owner has been identified as a consequence of application of Test 1. Similarly, Test 3 shall only be applied in case the information about all beneficial owners is not recorded or captured by application of Test 1 and Test 2.

83E. Retention of records of beneficial owner.— (1) Every company or A.OP shall retain the records of all beneficial owners for a period of ten years from the date when the beneficial owners of that company or AOP, as the case may be, cease to be the beneficial owners of that company or AOP.

(2) Board shall retain the records of beneficial owners of all companies and AOPs registered with the Board for a period of ten years from the date when that company or AOP ceases to be registered with FBR.

Form BOF-01

Record of Beneficial Owner

prescribed under section 181E of Income Tax Ordinance, 2001

RECORDS OF BENEFICIAL OWNER(S)			
Cascading Tests and Application	**Sr. No**	**Category of Beneficial Owner(s)**	**Information to be Obtained**
Test 1 The test aims at identifying, obtaining and verifying the particulars of the beneficial owner(s) who exercise(s) ultimate effective control over the company or AOP through direct/indirect ownership and voting rights.	1	Particulars of beneficial owner(s) who exercise(s) ultimate effective control over the company or AOP through direct ownership rights (shareholding) of twenty-five percent or more.	Name of beneficial owner
			Father's name/Spouse's name
			Date of Birth
			Nationality of beneficial owner(s)
			CNIC/NICOP/NTN/Passport number(s)/ Foreign National Identity number of beneficial owner(s)
			Percentage of shareholding/ownership interest held by the beneficial owner(s)
			Date of acquisition of ownership interest
			Residential and Commercial addresses of the beneficial owner.
	2	Particulars of the beneficial owner(s) who exercise ultimate effective control over the company or AOP through ownership rights of twenty-five percent or more through chain of ownerships.	Name of beneficial owner
			Father's name/Spouse's name
			Date of Birth
			Nationality of beneficial owner(s)
			CNIC/NICOP/NTN/Passport number(s)/Foreign National Identity number of beneficial owner(s)
			Particulars of all legal owner(s) i.e. all legal entity(ies) or/and arrangement(s) through which the company or AOP is indirectly owned by the beneficial owner(s). i. Name(s) of the legal owner(s)

			ii. Type of legal owner(s) involved in chain of ownership (e.g. Joint Stock Company, Limited Liability Company, Foundation, Trusts etc.) iii. Country of Registration/Incorporation of legal owner(s) iv. Incorporation /Registration detail(s) of the legal owner(s) i.e. Incorporation number, date of incorporation and name of registering authority. v. Registered addresses of the legal owner(s)
			Percentage of shareholding/ownership interest held by the beneficial owner(s)
			Date of acquisition of ownership interest
			Residential and Commercial addresses of the beneficial owner.
	3	Particulars of the beneficial owner(s) who exercise ultimate effective control over the company or AOP through joint control arrangements.	Name of beneficial owner
			Father's name/Spouse's name
			Date of Birth
			Nationality of beneficial owner(s)
			CNIC/NICOP/NTN/Passport number(s)/Foreign National Identity number of beneficial owner(s)
			Details/nature of relationship between the beneficial owners involved in joint control arrangement. ▪ Relatives [For example, Mr. X who holds x percentage of ownership interests in M/s ABC

			company/AOP is the spouse of Ms. Y who holds y percentage of ownership interest in the same company/AOP]. ▪ Friends ▪ Other associates (Please specify)
			Percentage of shareholding/ownership interest of each beneficial owner involved in joint control arrangement
			Date of acquisition of ownership interest by each beneficial owner
			Residential and Commercial addresses of the beneficial owner(s).
	4	Particulars of the beneficial owner(s) who exercise ultimate effective control over the company or AOP through voting rights.	Name of beneficial owner
			Father's name/Spouse's name
			Date of Birth
			Nationality of beneficial owner(s)
			CNIC/NICOP/NTN/Passport number(s)/Foreign National Identity number of beneficial owner(s)
			Details of voting rights that provide control to the beneficial owner(s).
			Percentage of voting rights held by the beneficial owner(s)
			Residential and Commercial addresses of the beneficial owner.
Test 2 Test 2 aims at Identifying, obtaining and verifying the particulars of the beneficial owner(s) who exercise(s) ultimate effective	1	Particulars of the beneficial owner(s) who exercise ultimate effective control over the company or AOP through contractual associations.	Name of beneficial owner
			Father's name/Spouse's name
			Date of Birth
			Nationality of beneficial owner(s)
			CNIC/NICOP/NTN/Passport number(s)/Foreign National Identity number of beneficial owner(s)
			Nature and details of the contract which provides effective control of

control over the company or AOP through contractual associations and personal and/or family connections with the owners / directors/ management of the company or AOP. If there is doubt under Test 1 as to whether a person with direct/ indirect/joint ownership interest or direct/indirect voting rights is a beneficial owner, or where no natural person exerts control through ownership interests and voting rights, then the particulars of a natural person(s) exercising control over company or AOP through means of control other than ownership and voting rights, are obtained by application of Test 2.			the company or AOP to the contracting parties/ beneficial owner.
			Residential and Commercial addresses of the beneficial owner(s)
	2	Particulars of the beneficial owner(s) who exercise ultimate effective control over the company or AOP through personal and/or family connections with the management/owners/ directors of the company or AOP.	Name of beneficial owner
			Father's name/Spouse's name
			Date of Birth
			Nationality of beneficial owner(s)
			CNIC/NICOP/NTN/Passport number(s)/Foreign National Identity number of beneficial owner(s)
			Nature and details of the personal/family connection which provides effective control to the beneficial owner [e.g. Mr. X (the beneficial owner) has influence over the company or AOP for being associated to Mr. Y (company's managing director)].
			Residential and Commercial addresses of the beneficial owner.

Test 3 Test 3 aims at Identifying, obtaining and verifying the particulars of beneficial owner(s) who exercise(s) ultimate effective control through senior managerial position(s). Where no natural person is identified under Test 1 and Test 2 above, reasonable measures shall be taken to verify the identity of the relevant natural person(s) who holds(s) senior managerial position(s) in the company or AOP.	1	Particulars of the beneficial owner(s) who exercise ultimate effective control over the company or AOP through senior managerial positions (e.g. senior managing officer who has the power to appoint and remove majority of directors or control over the affairs of the company) and other indirect means of control.	Name of beneficial owner Father's name/Spouse's name Date of Birth Nationality of beneficial owner(s) CNIC/NICOP/NTN/Passport number(s)/Foreign National Identity number of beneficial owner(s) Position held by senior managing officer and the nature of control he/she exercises in the company or AOP. [For example, Mr. X the CEO of the company holds the power of appointing or removing the Directors of the company]. Date of acquisition of senior management position in the company or AOP Residential and Commercial addresses of the beneficial owner.

Note: The 3 Tests represents a cascading process and shall be applied in succession when a previous test has been applied but has not resulted in the identification of all beneficial owner i.e. Test 2 shall only be applied in case if there is doubt as to whether a person with controlling ownership interest is a beneficial owner, or where no beneficial owner has been identified as a consequence of application of Test 1. Similarly, Test 3 shall only be applied in case the information about all beneficial owners are not recorded or captured by application of Test 1 and Test 2.

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