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# آسان لیکچر سیریز

**Income Tax Ordinance 2001**

**Section: 31 (Lecture 09)**

**Transfer to Participatory reserve**



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ







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Income Tax

# INCOME TAX



# Section No :31

***Transfer to Participatory reserve***



# Section No :31

**Reserves** مستقبل کے استعمال کے لیے محفوظ رکھنا



**Save/place on side separately**

# Section No :31

Company

***Joint Stock Companies***



# Section No :31

Company

*Joint Stock Companies*

*Reserve 1*

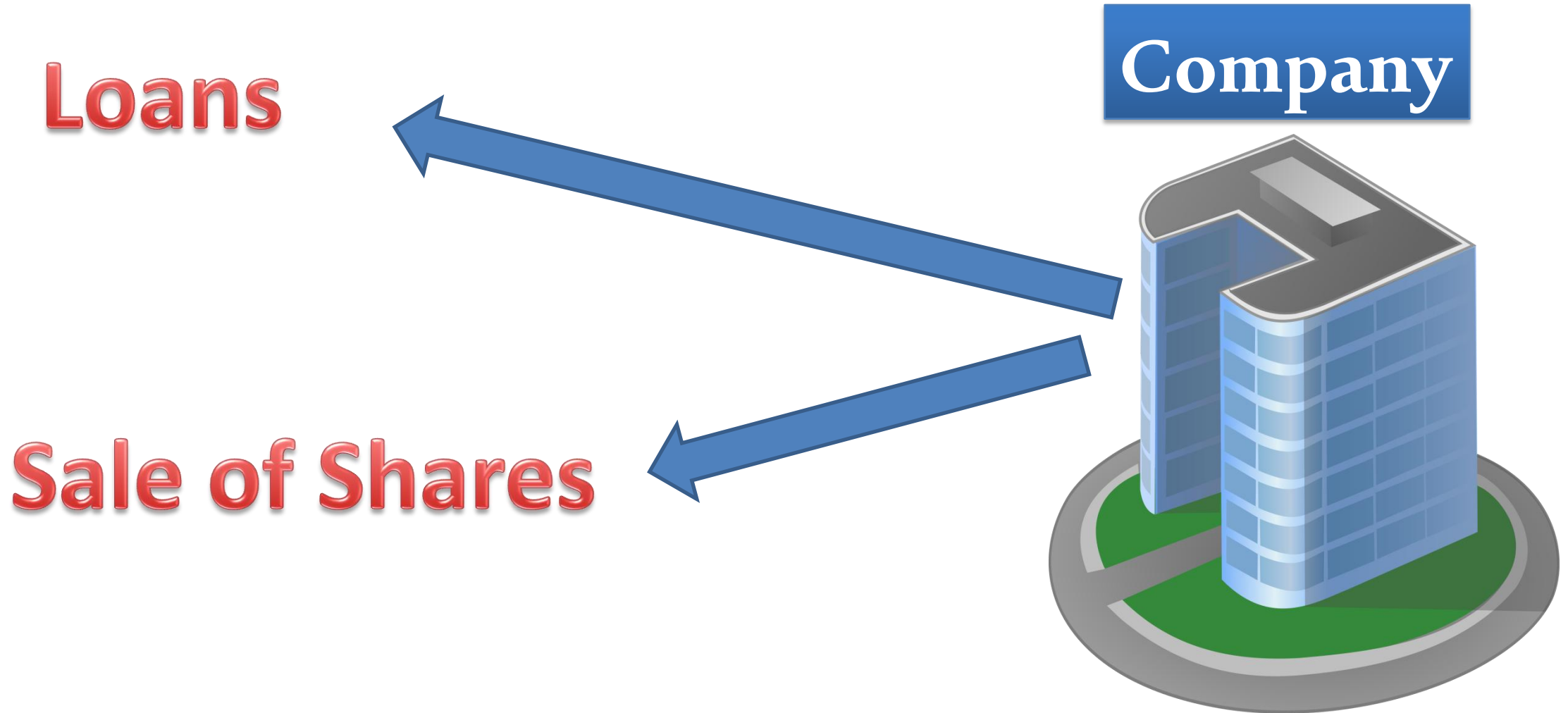
*Reserve 2*

*Reserve 3*





# Section No :31



# Loans

From Banks

By issuing of Bonds

Certificates etc

Redeemable Bonds

Redeemable Certificates

Company



# Loans

Companies  
issued

Participatory Certificates etc

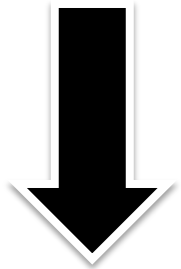
Term Participatory Certificates etc

Participatory Redeemable Certificates

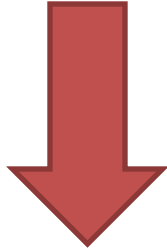




# Participatory Redeemable Certificates



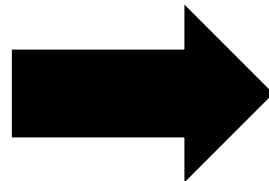
**Redeem**



**Annual Profit %**



**Participatory Reserve**



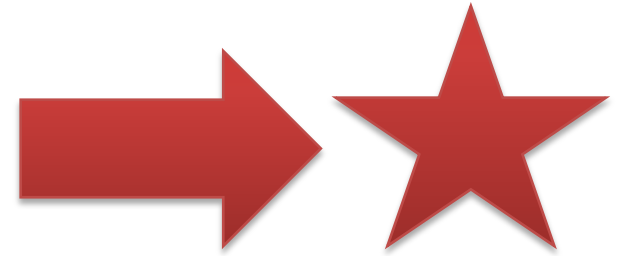
**Redeemable Capital**

**31. Transfer to participatory reserve.**—(1) Subject to this section, a company shall be allowed a deduction for a tax year for any amount transferred by the company in the year to a participatory reserve created under <sup>7</sup>[section 66 of the Companies Act, 2017 (XIX of 2017)] in accordance with an agreement relating to participatory redeemable capital entered into between the company and a banking company as defined in the<sup>8</sup>[Financial Institutions(Recovery of Finances) Ordinance,2001 (XLVI of 2001).]

(2) The deduction allowed under subsection (1) for a tax year shall be limited to five per cent of the value of the company's participatory redeemable capital.

(3) No deduction shall be allowed under subsection (1) if the amount of the tax exempted accumulation in the participatory reserve exceeds ten per cent of the amount of the participatory redeemable capital.

(4) Where any amount accumulated in the participatory reserve of a company has been allowed as a deduction under this section is applied by the company towards any purpose other than payment of share of profit on the participatory redeemable capital or towards any purpose not allowable for deduction or exemption under this Ordinance the amount so applied shall be included in the income from business of the company in the tax year in which it is so applied.



- (1) اس سیکشن کے تحت کمپنی کو کمپنی کی جانب سے سال میں منتقل کی جانے والی کسی بھی رقم کے لئے ٹیکس سال کے لئے کٹوتی کی احکامات ہوگی جو دفعہ 66 کے [کمپنی ایکٹ 2017 (2017 کے XIX) کے تحت بنائے گئے شراکتی ریزرو میں کمپنی اور بینکنگ کمپنی کے درمیان شراکتی قابل تلافی سرمائے سے متعلق معاہدے کے مطابق بنائی گئی ہے جیسا کہ [مالیاتی ادارے (مالیات کی وصولی) آرڈیننس میں وضاحت کی گئی ہے۔، 2001 (2001 کی XLVI)۔
- (2) کسی ٹیکس سال کے لیے ذیلی دفعہ (1) کے تحت قابل احکامات کٹوتی کمپنی کے شراکتی قابل واگزاری سرمایہ کی رقم کے دس فیصد تک محدود ہوگی۔
- (3) ذیلی دفعہ (1) کے تحت کسی کٹوتی کی احکامات نہیں ہوگی اگر کسی شراکتی ریزرو میں ٹیکس استثنا کی تہجج شراکتی قابل واگزاری سرمایہ کے دس فیصد سے متجاوز ہو جائے۔
- (4) جہاں اس دفعہ کے تحت کٹوتی کے طور پر قابل احکامات کسی کمپنی کے شراکتی ریزرو میں جمع شدہ رقم شراکتی قابل واگزاری سرمایہ پر منافع کے حصہ کی ادائیگی کی بجائے کسی اور مقصد کے لیے یا کسی ایسے مقصد کے لیے استعمال میں لائی جائے جس کی اس آرڈیننس کے تحت بطور کٹوتی یا استثنا احکامات نہیں تو اس طرح استعمال میں لائی گئی رقم اس ٹیکس سال میں جس میں یہ استعمال میں لائی گئی کمپنی کی سرمایہ سے آمدن میں شامل ہو جائے گی۔



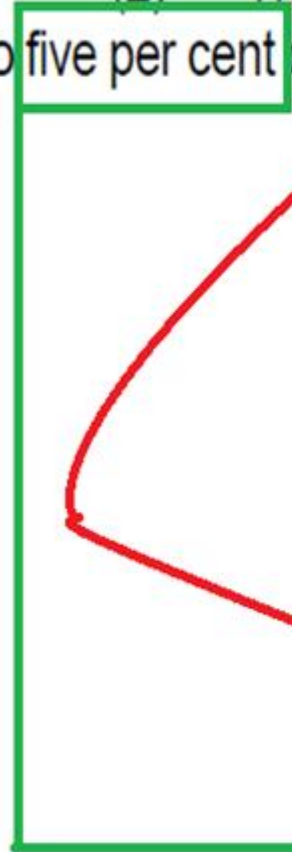
(2) The deduction allowed under subsection (1) for a tax year shall be limited to five per cent of the value of the company's participatory redeemable capital.



**EXAMPLE**

**PARTICIPATORY REEDEEMABLE CAPITAL = Rs.500000**

**Deduction Allowed = 5% = Rs.50000**

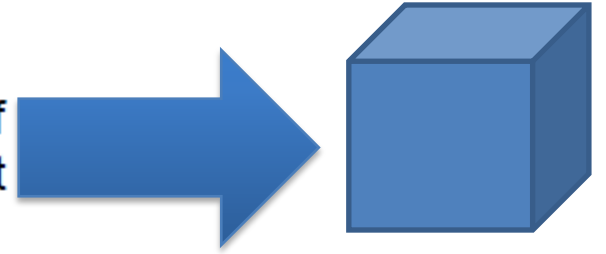


**31. Transfer to participatory reserve.**—(1) Subject to this section, a company shall be allowed a deduction for a tax year for any amount transferred by the company in the year to a participatory reserve created under <sup>7</sup>[**section 66 of the Companies Act, 2017 (XIX of 2017)**] in accordance with an agreement relating to participatory redeemable capital entered into between the company and a banking company as defined in the<sup>8</sup>[Financial Institutions(Recovery of Finances) Ordinance,2001 (XLVI of 2001).]

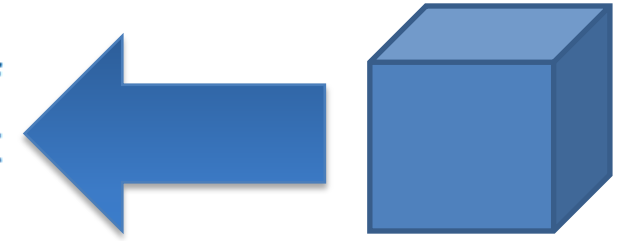
(2) The deduction allowed under subsection (1) for a tax year shall be limited to five per cent of the value of the company's participatory redeemable capital.

(3) No deduction shall be allowed under subsection (1) if the amount of the tax exempted accumulation in the participatory reserve exceeds ten per cent of the amount of the participatory redeemable capital.

(4) Where any amount accumulated in the participatory reserve of a company has been allowed as a deduction under this section is applied by the company towards any purpose other than payment of share of profit on the participatory redeemable capital or towards any purpose not allowable for deduction or exemption under this Ordinance the amount so applied shall be included in the income from business of the company in the tax year in which it is so applied.



(3) No deduction shall be allowed under subsection (1) if the amount of the tax exempted accumulation in the participatory reserve exceeds ten per cent of the amount of the participatory redeemable capital.



**PARTICIPATORY REDEEMABLE CAPITAL = 2000000**

**1<sup>st</sup> Year = 50000**

**2<sup>nd</sup> Year = 60000**

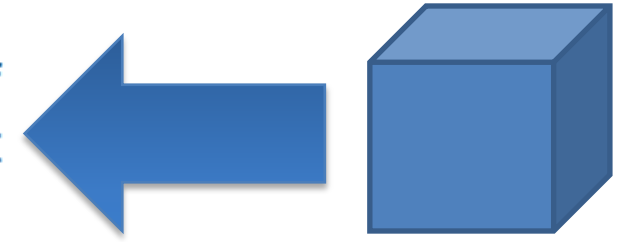
**3<sup>rd</sup> Year = 90000**

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**Accumulation Participatory Reserve = 10% = 200000**



(3) No deduction shall be allowed under subsection (1) if the amount of the tax exempted accumulation in the participatory reserve exceeds ten per cent of the amount of the participatory redeemable capital.



**PARTICIPATORY REDEEMABLE CAPITAL = 2000000**

**Accumulation Participatory Reserve = 10% = 200000**

(4) Where any amount accumulated in the participatory reserve of a company has been allowed as a deduction under this section is applied by the company towards any purpose other than payment of share of profit on the participatory redeemable capital or towards any purpose not allowable for deduction or exemption under this Ordinance the amount so applied shall be included in the income from business of the company in the tax year in which it is so applied.

Thanks

شکریہ