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TO BE PUBLISHED IN THE GAZATTE OF PAKISTAN (EXTRAORDINARY)

GOVERNMENT OF PAKISTAN  
FINANCE DIVISION  
(NFC SECRETARIAT)

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Islamabad, the 22nd July, 2000

NOTIFICATION

S.R.O. In pursuance of Article 160 (1) of the Constitution of the Islamic Republic of Pakistan, the President is pleased to constitute National Finance Commission consisting of the following namely:-

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|----------|---|-----------------|
| (1)      | Minister for Finance<br>Government of Pakistan  | Chairman        |
| (2)      | Minister for Finance<br>Government of the Punjab  | Member          |
| (3)      | Minister for Finance<br>Government of Sindh   | Member          |
| (4)      | Minister for Finance<br>Government of NWFP  | Member          |
| (5)      | Minister for Finance<br>Government of Balochistan   | Member          |
| (6 to 9) | One Member from each Province to be notified in consultation with the Governors of the Provinces. |                 |
| (10)     | Secretary General Finance<br>Government of Pakistan   | Official Expert |
| (11)     | Finance Secretary<br>Government of Pakistan   | Official Expert |

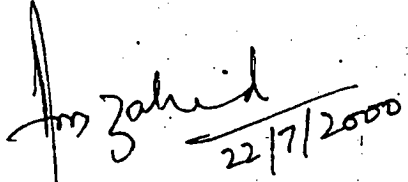
TERMS OF REFERENCE

2. The terms of reference for the Commission are as under:-
- (a) the distribution between the Federation and the Provinces of the net proceeds of the following taxes:
- (i) taxes on income, including corporation tax, but not including taxes on income consisting of remuneration paid out of the Federal Consolidated Fund;
- (ii) taxes on the sales and purchases of goods, imported, exported, produced, manufactured or consumed;

- (iii) GST on services
  - (iv) Export duties on cotton
  - (v) Consider the inclusion of other Federal Taxes including Customs Duties and Federal Excises, but not including taxes on income paid out of Federal Consolidated Fund.
- (b) the making of grants-in-aid by the Federal Government to the Provincial Governments;
- (c) the exercise by the Federal Government and the Provincial Governments of the borrowing powers conferred by the Constitution;
- (d) examine the question of rationalization of payment of royalties on crude oil and of surcharge on natural gas collected by the Federal Government to the Provincial Governments;
- (e) to consider review of the distribution of share of taxes between the Federal Government and Provincial Governments; and
- (f) to develop and enforce a mechanism for setting parameters to achieve fiscal discipline at the Federal and Provincial levels and for ensuring consistency in maintaining an appropriate fiscal balance at the consolidated level.
- (g) any other matter relating to finance referred to the Commission by the President.

3. The National Finance Commission notified vide Gazette of Pakistan Extraordinary SRO 733(1)/95, dated 23rd July, 1995 and SRO 1361(1)/96, dated 10th December, 1996, shall stand dissolved with immediate effect.

No.F.2(2)-NFC/2000

  
(A. M. Zahid)  
Joint Secretary (B)  
Secretary  
National Finance Commission

The Manager,  
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Islamabad.