

# SPECIAL SAVINGS CERTIFICATES RULES, 1990

*Islamabad, the 4th of February 1990*

**S. R. O. 134(I)/90.**— In exercise of the powers conferred by section 28 of Public Debt Act, 1944 (XVIII of 1944), the Federal Government is pleased to make the following rules, namely:—

## SPECIAL SAVINGS CERTIFICATES RULES, 1990

1. These rules may be called the Special Savings Certificates Rules, 1990.
2. These rules shall apply to the Special Savings Certificates, bearer, (defunct scheme) or registered, issued, in the denomination of Rs. 500, Rs.1000, Rs. 5000, Rs. 10,000, Rs.50,000, Rs. 100,000, Rs. 500,000 and Rs. 1,000,000 000 [or any amount in case of scrip-less form subject to minimum limit of PKR 500/]<sup>1</sup> -at par for a period of three years from the dates of their issue.  
  
[Vide F.D Notification No.10(1)AFA(DM)/95-Vol-II.743, the 30<sup>th</sup> May, 2000, following amendment were made:-  
In rule 2, the letters, figures and commas "Rs.10/-, Rs.50/-, Rs.100/-" shall be omitted;  
In rule 7,-.....]
3. A certificate shall be issued by the State Bank of Pakistan, the Scheduled Banks, the Post Offices, Offices of the National Savings Organization and such other offices and agencies as may be specially or generally authorized by the Government, each one of which shall be called "Issuing Authority" and each of their offices called "Office of Issue".
4. The maximum permissible holding of these certificates shall severally be shown as under:-
  - (i) For or on behalf of any one individual, adult or minor - without limit.<sup>2</sup>
  - (ii) For two individuals jointly - without limit.<sup>3</sup>
  - (iii) Omitted.<sup>4</sup>
  - (iv) Omitted.<sup>5</sup>

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<sup>1</sup> **Added:** the words "or any amount in case of scrip-less form subject to minimum limit of PKR 500/" added in rule-2 *Vide* F.D.Notification No. F.20(6)GS-1/2019-1413 dated 3<sup>rd</sup> September, 2019.

<sup>2</sup> **Omitted:** the proviso appearing at the end in clause (i) of rule-4. *Vide* F.D.Notification No. F.20(1)GS-1/2005-1391 dated 4<sup>th</sup> July, 2007. [containing the words:-

*" Provided that investment made through authorized banks branches operating abroad shall not exceed ten million rupees."*]

<sup>3</sup> **Omitted:** the proviso appearing at the end in clause (ii) of rule-4, *ibid*.

<sup>4</sup> **Omitted:** vide F.D. Notification No.

[ containing the words;

*"Registered cooperative societies excluding cooperative banks but including cooperative land mortgage banks – without limit."*]

<sup>5</sup> **Omitted:** the clause (iv) of rule-4 *vide* F.D. notification No.F.21(1)GS-I/2011-1407 dated 11<sup>th</sup> August 2011.[ containing the words:

*"(iv) Registered Charitable (Non profit bodies); Public Sector Enterprises, excluding Bank; Private Educational Institutions & Health Institutions; Employees Old Age Benefit Institutions (EOBI's), Private Corporate Sector, excluding*

- (v) <sup>1</sup>All institutional investment shall be discontinued with immediate effect<sup>6</sup> <sup>1</sup>: Provided that institutions may invest individual funds such as pension, gratuity, superannuation, contributory provident fund and trusts etc., in these certificates<sup>17</sup>

**Note:** <sup>2</sup>w.e.f. 11<sup>th</sup> August, 2011 Whereas <sup>3</sup>w.e.f. 6<sup>th</sup> April, 2012

5. These certificates shall, notwithstanding anything to the contrary appearing on the obverse or reverse of the certificates be encashable at par at any time after the date of purchase.<sup>8</sup>

- 5A. [The purchaser of the certificates shall be issued a profit coupon book containing six coupons simultaneously with the certificates.<sup>19</sup>

6. Profit shall be payable on completion of each period of six months reckoned up to date of maturity or encashment whichever is earlier and no profit shall be payable for any period of less than six months. The profit shall be drawn on due dates and no claim for further profit on undrawn profit(s) shall be admissible, on bearer certificates.

7. (1) <sup>1</sup>The profit payable on these certificates, after every six months, shall be as notified by the [Finance Division with approval of the Minister-in-charge] <sup>10</sup> in the official Gazette from time to time.<sup>11</sup>

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*Bank; and Non Banking Financial Institutions (NBFIs), excluding Insurance Companies, registered under the relevant law for the time being in force."*

That was Substituted vide F.D Notification No.F.21 (1) GS-1/2006-1072 dated, 28th May, 2007. For the words;

*"Local authorities as defined in the General Clause At, 1897 and entitled or entrusted by the Government with the control or management of a municipal or local fund without limit." ]*

- <sup>6</sup> **Substituted:** in clause (v) vide FD Notification No. F. 21(1)GS-1/2011-1407 dated **11<sup>th</sup> August, 2011**; *ibid.* (In pursuant to the decision of the Economic Coordination Committee of Cabinet all Institutional Investment in National Savings Schemes has been discontinued henceforth vide CDNS-O.M. No. F. 11(1)S.I/Govt/2009 dated 26-4-2011)

[for the clause(v) that was previously omitted vide F.D. notification No. F.21(1)GS/06-1072 dated 28<sup>th</sup> May, 2007 containing the words as under:-

*"(v) All other institutions other than banks and non-bank financial development institutions without limit.*

- (i) *Provided that no certificate shall be issued after the close of business on the 25th day of March, 2000 under sub rule (iv) and (v) and the certificates already issued under the said rules, if not encashed on the completion of existing maturity of three years, shall cease to earn profit",*

- (ii) *\*Provided further that the nonprofit bodies, registered as a charitable organization under the Societies Registration Act, 1860 (XXI of 1860) or registered or approved as a charitable nonprofit organization under any other law for the time being in force, may purchase up to a maximum limit of ten million rupees only,"*

Wherein proviso \*(ii) added vide F. D Notification No. 21(2) GS-i/2005-2502 dated 15th December, 2005.]

- <sup>7</sup> **Substituted:** in clause (v) a colon ":" for the full stop at the end and thereafter the proviso added and deemed to have been so added from **"6<sup>th</sup> April, 2012"** vide Notification No. F.21(1)GS-1/2011-877 dated 27<sup>th</sup> June, 2012.

- <sup>8</sup> **Substituted:** the rule-5 vide F.D Notification No.F.21 (1) GS-1/2006-1072 dated, 28th May, 2007.

[for the words:

*" 5. These certificates shall, notwithstanding anything to the contrary appearing on the obverse or reverse of the certificates be encashable at par at any time after one month from the date of issue and on or before the expiry of the maturity period of three years. No profit shall be payable on these certificates for any period in excess of the maturity period of three years." ]*

- <sup>9</sup> **Inserted :** vide F. D. Notification No. F.9 (1) AFA (DM)/95- Vol-III Dated 24th Sept., 2002.

- <sup>10</sup> **Substituted:** with the words "Finance Division with the approval of Minister-in-charge" in rule-7(1) vide F.D Notification No. 20(7)GS-1/2018-323, dated 06<sup>th</sup> March, 2020.

[For the words;

*"Federal Government".*

- <sup>11</sup> **Substituted:** rule-7(1) vide F.D Notification No. 12(1) DM-II/2003-1334 dated 22<sup>nd</sup> June, 2004.

[For the words;

*"(1) The profit payable for different period of six month."*

(2) <sup>11</sup>In case the profit earned on or after 1<sup>st</sup> February 1992, on registered type of certificates, as admissible under sub-rule (1) above, is not drawn on due date, the undrawn profit will automatically stand invested with effect from the date of accrual and the profit payable for different period of six months shall be as notified by the Finance Division with the approval of Minister-in-charge] <sup>12</sup> Federal Government in the official Gazette for time to time.<sup>13</sup>

(3) The profit earned under these rules shall be subject to tax as per rules.

8.<sup>1</sup>(1) The holder of certificate claiming profit for any period of months shall present the certificate to Issuing Officer along with a profit coupon duly filled in and signed acknowledging the receipt of the amount. The profit coupons shall be used in serial order.

(2) The purchaser may also opt for his periodical profit credited to his Savings Account opened at the office of issue. In such cases, no profit coupon book shall be issued.<sup>14</sup>

9. The profit earned on these certificates shall be liable to deduction of advance income tax under the provisions of Income Tax Ordinance, 2001, (XLIX of 2001), and the rules made thereunder.<sup>15</sup>

9A. Omitted <sup>16</sup>.<sup>17</sup>

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That was previously substituted *vide* F. D. Notification No. F.9 (1) AFA (DM)/95- Vol-III Dated 24th Sept., 2002 for the words

*"7. Notwithstanding the fact that different amounts are printed on the profit coupons, the profit payable on the six coupons attached to these certificates."*

<sup>12</sup> **Substituted:** with the words "Finance Division with the approval of Minister-in-charge" in rule-7(2) *vide* F.D Notification No. 20(7)GS-1/2018-323, dated 06<sup>th</sup> March, 2020.

[For the words;

" the word "Federal Government" "

<sup>13</sup> **Substituted:** *vide* F.D Notification No. 12(1) DM-II/2003-1334 dated 22nd June, 2004. [for the words:

*" In case profit earned on or after 1<sup>st</sup> February, 1992, on registered type of certificates, as admissible under sub rule (1) above, is not drawn on due date, the undrawn profit will automatically stand invested with effect from the date of accrual and the profit payable for different periods of six months shall be as shown below : (list of profit rate)" ]*

<sup>14</sup> **Amended:** the rule-8 *vide* F. D. Notification No. F.9 (1) AFA (DM)/95-Vol-III Dated 24" Sept, 2002.[for original as under:-

*"8. The holder of a certificate claiming profit for any period of six months shall present the certificate to Issuing Officer and surrender to him one of the six coupons attached to it in token of having received the amount of profit. The coupons shall be surrendered in serial order and shall not be detached from the certificates unless the payment has been received. More than one coupon may be presented together if profit on these coupons has fallen due."*

The tax on profit from investment made on or after the 1<sup>st</sup> day of July. 2002 shall be deducted at source at the rate of ten percent of such profit if such deposit exceeds one hundred fifty thousand rupees

<sup>15</sup> **Substituted:** the rule-9 *vide* F. D. Notification No. F.20 (8) GS-/2019-157 Dated 28" January, 2021.[for original as under:-

*"9. The tax on profit from investment made on or after the 1<sup>st</sup> day of July. 2001 shall be deducted at source at the rate of ten percent of such profit if such deposit exceeds three hundred thousand rupees.*

<sup>16</sup> **Deleted:** the rule-9A *vide* F. D. Notification No. . F.20 (8) GS-/2019-157 Dated 28" January, 2021.[for original as under:-

*"9A The tax on profit from investment made on or after the 1<sup>st</sup> day of July. 2002 shall be deducted at source at the rate of ten percent of such profit if such deposit exceeds one hundred fifty thousand rupees*

10. Investment in these certificates shall not be exempted from income tax under the provisions of the Income Tax Ordinance, 1979 (XXXI of 1979).

11. [(1) The certificates shall be transferable for the purpose of being treated as security to :

- (a) a gazetted Government officer;
- (b) an officer of State Bank of Pakistan as mentioned in sub rule (14) of rule 4 of the Defence Savings Certificates Rule, 1966;
- (c) an executive officer of local authority as defined in the General Clauses Act. 1897(X of 1897);
- (d) an executive officer of a Government sponsored corporation; or
- (e) an executive officer of a scheduled bank:

Provided that the transfer of the certificates to an officer under this sub rule shall be in his official capacity.

(2) After transfer of the certificates under sub rule (1), the transferor shall relinquish all claims to receive the value of certificates, including profit accruing thereon unless otherwise authorized by the officer to whom the certificates have been transferred, and he can,—

- (a) encash the certificates at any time;
- (b) exchange the certificates on their maturity for new certificates; or
- (c) transfer the certificates to the transferor and in such case the provision of sub- rule (4) of rule 61 of the Defence Savings Certificates Rules, 1966, shall *mutatis mutandis* apply.

(3) The certificates-shall be pledgable *without limit only in Pakistan*.

Provided that the certificates shall be allowed to be pledged after expiry of three<sup>18</sup> months reckoned from the date of issue of the certificates purchased through fresh investment:

Provided further that the condition specified in the first proviso shall not apply in respect of the certificates purchased through reinvestment [or the certificates to be pledged as security with the Ministries and Government Departments for award of contract shall not be eligible as security for obtaining loan from banks or investment companies, etc. However, the Ministries and Government Departments shall not release the pledged certificates until delivery of contracted work and stores as prescribed under the rules and contracts and shall ensure that these certificates have not been pledged elsewhere and shall also provide the detail of certificates pledged as security and date of their release to concerned National Savings Center (NSC) or Regional Directorate of National Savings (RDNS), maintaining a proper register to keep track of pledged certificates within fifteen days of the event.<sup>19</sup>

**Explanation:-** For the purpose of this rule, the expression “official capacity” means that the certificates shall be transferred to the official described by his official designation such as Director (of concerned organization), etc. The certificates must not be transferred in the personal name of the officer who will hold them as security.]<sup>20</sup>

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<sup>17</sup> *Inserted*, the rule-9(A) vide F.D Notification No. 10(1) DFA(DM)/2002-608 dated 27<sup>th</sup> June 2002.

<sup>18</sup> *Substituted*: In the first proviso in sub-rule (3) of rule-11, the word "**three**" for the word "**six**" vide F.D. Notification No.F.20(1)GS-1/2010-1873 dated 2<sup>nd</sup> December 2011.

<sup>19</sup> *Added*: in the second proviso (the words\* ) in sub-rule (3) of rule-11 after the word "**reinvestment**" vide F.D. Notification No.F.20(1)GS-1/2010-727 dated 8<sup>th</sup> July 2013.

[ \*or the certificates to be pledged as ..... within fifteen days of the event ]

<sup>20</sup> *Substituted*: rule-11 vide F.D notification No. F. 10(2)DM-II/2003(pt)-857 dated 23rd April 2005. [For the original rule as under;

12. The principal and profit accrued on a certificate issued against foreign exchange received through remittance or transfer from Foreign Currency Account or surrendering Foreign Exchange Bearer Certificates/Dollar Bearer Certificates; by the National Savings Centers, Offices of the State Bank of Pakistan, branches of the Scheduled Banks, the Pakistan Post Offices and such other office and agency as may be specifically or generally authorized by the Director General, National Savings, shall be payable abroad to the purchaser in foreign currency, if so desired by the investor or, in the eventuality of the death of the purchaser, to his nominee(s) or heir(s).

Note.—The amount received in foreign currency from abroad for the purchase of certificates shall be converted into Pakistani rupees in accordance With the exchange rate prevailing on the date of clearance of the bank draft and shall be such that its rupee equivalent is in multiple of 1[500]<sup>21</sup> and on repatriation, the amount of the principal or profit or the principal and profit, as the case may be shall be converted into foreign currency in accordance with the exchange rate prevailing on the date of remittance.

13. (i) Omitted<sup>22</sup>.
- (ii) Notwithstanding anything contained in these rules or in the Defence Savings Certificates Rules, 1966 the conversion of these certificates from lower denominations to higher denominations and *vice versa* shall not be permissible.
14. (i) The application for purchase at the time of issue and the discharge on the reverse of the certificates at the time of encashment shall not be required in the case of a Bearer Certificate.
- (ii) The face value of a Bearer Certificate and the profit due thereon shall be paid to the presenter claiming the same.
- (iii) No duplicate certificate shall be issued under any circumstances in lieu of a Bearer Certificate.
15. These certificates shall be exempt from the collection of Zakat on compulsory basis under the Zakat and Ushr Ordinance, 1980 except the Registered Certificates on which Zakat shall be collected on compulsory basis on the date of actual encashment and not on continued reinvestment on maturity, only for the year they are actually encashed at the rate of 2.5% of the principal amount in respect of such encashment as it stood on the valuation date immediately preceding such encashment.<sup>23</sup>
16. In regard to the procedure for purchase, encashment and transfer. nomination and all other matters pertaining to the Registered Certificates and in regard to the transfer of registration of a Bearer Certificate from one office to another, the Defence Savings Certificates Rules, 1966 (S.R.O. 1076(K)/66) [amended from time to

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*"11. Certificates can be transferred for the purpose of being treated as security, to a gazetted Government Officer, to an officer of the State Bank of Pakistan (as mentioned in rule 4(14) of Defence Savings Certificates Rules, 1966) or to an executive officer of a local authority as defined in the General Clause Act, 1897 (X of 1897) or of such officer of any Government sponsored corporation or to officer of a scheduled bank in his official capacity. After transfer of the certificates the transferer relinquishes all claims to receive the value of the certificates including the profit accruing there on and the officer to whom the certificates have been transferred can (i) encashed them at any time (ii) exchange them for new certificates on their maturity or (iii) retransfer them to the transferer under rule 61(4) of Defence Savings Certificates Rules, 1966."*

*Note:—Official capacity" means that the certificates must be transferred to the official described by his official designation such as District Magistrate of (place), etc. The certificates must not be transferred to the personal name of the official who will hold them as security.]*

<sup>21</sup> The figure "500" was substituted with the figure "10", vide F.D. N. No.F.10(1)AFA(DM)/95-Vol-II.743, the 30th May, 2000 [

<sup>22</sup> **Omitted**, the sub-rule(i) of rule-13 vide F.D Notification No. F. 9 (1) AFA (DM)/95-v/o1-III dated 24<sup>th</sup> September, 2002. [containing the words;

*"(i) The date of issue of a certificate shall be stamped on all the six coupons attached to it before delivery of the certificate to the purchaser."*

<sup>23</sup> **Deleted**, the line starting from "however" and ending at "2000" appearing at the end of rule-15, vide F.D Notification No.F.21 (1) GS-1/2006-1072 dated, 28th May 2007.

time]<sup>24</sup> shall apply as they apply to Defence Savings Certificates and in such application those rules, shall be construed as if the reference therein and in the forms thereof to the Defence Savings Certificates were references to the Special Savings Certificates.

<sup>1</sup>Provided that the certificates purchased in term of sub-rule (v) of rule-4, prior to 26th March, 2000 and not covered under sub rule (iv) of rule 4, amended as aforesaid, shall not be entitled to reinvestment<sup>25</sup>

**17.** A person who buys a certificate shall be bound by these rules.

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<sup>24</sup> *Inserted: the words “amended from time to time”*, vide F.D Notification No.F.20 (6) GS-1/2019-1413 dated, 3<sup>rd</sup> September, 2019.

<sup>25</sup> *Added: the proviso at the end of rule-16 vide F.D Notification No.F.21 (1) GS-1/2006-1072 dated, 28th May 2007.*

