

2024 The Finance Act Tax Handbook



Tax Handbook 2024

An Information Guide

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Preface

In addition to important Income Tax and Sales Tax amendments, this Handbook encompasses the updated compliance requirement and timelines, the tax planning guide, tax facts and withholding tax rates. The applicable amendments in the laws are effective from July 1, 2024 unless otherwise specified.

The Tax Handbook should be read in conjunction with the applicable sections of respective Ordinances, Acts and Rules along with the text of the Finance Act, 2024. This Handbook aims to provide a general guideline and thus should not be considered as a conclusive and enforceable document. A professional advice should be sought before acting on any newly introduced amendment in the Laws or on our comments. We trust that this Tax Handbook enhances your perception of the Finance Act, 2024.

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Although, the best efforts have been made to ensure accuracy of the information in this Tax Handbook, any errors and omissions are regretted.

Lahore

July 03, 2024

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Income Tax Ordinance, 2001

Income Tax Ordinance, 2001

Surcharge on High Earning Persons Imposed

(Section 4AB, 149)

By virtue of the Finance Act, 2024, a surcharge at the rate of 10% of the income tax payable has been imposed on every individual and AOP whose taxable income exceeds Rs. 10 million. Furthermore, a corresponding change has also been made to the withholding tax provision, requiring every person to deduct the aforementioned amount of surcharge from the salary paid to such persons. However, this surcharge is not applicable to incomes that falls under final tax regime or incomes that are subject to taxation at prescribed rates.

Presumed Taxable Profit Basis Prescribed for Builders and Developers

(Section 7F)

The Finance Act, 2024 has inserted a special provision of law for calculation of taxable income for “Builders and Developers” whereby taxable profits will be calculated as follows:

Sr. No.	Business Nature	Taxable profits
1	Construction and sale of residential, commercial or other buildings	10% of the gross receipts
2	Development and sale of residential commercial or other plots	15% of the gross receipts
3	Both construction and sale of residential, commercial or other buildings and development and sale of residential commercial or other plots	12% of the gross receipts

Under this presumed taxable profit regime, the taxpayer will not be allowed to claim any credit for any amount that exceeds the taxable profits as calculated above. However, if the actual taxable income exceeds the taxable profits as calculated above, the taxpayer shall be entitled to claim the excess income, if tax is paid at the normal rates.

However, builders or developers that were established by a Presidential Order, a Provincial Assembly Act, or a Parliamentary Act and who carries out operations for the benefit of its staff or otherwise (such as planning, developing, and providing and regulating housing and related facilities in designated or notified area) are excluded from this provision of law.

Time Frame Prescribed for Tax Deduction on Acquisition of Shares

(Section 37(6))

Previously, any person acquiring shares was required to deduct advance adjustable tax from the gross amount @ 10% of the fair market value of shares of other than listed company. The Finance Act, 2024, has prescribed the time frame for deduction of such tax at the earlier of the following:

- Payment for shares
- Registration of shares by SECP
- Registration of shares by SBP

Tax Credit on Income from Coal Mining Projects in Sindh***(Section 65F(1))***

Section 65F of the Income Tax Ordinance, 2001 provides a 100% tax credit for persons engaged in coal mining projects. The Finance Act, 2024, envisages that the 100% tax credit will be restricted only to income generated from operations of coal mining projects in Sindh supplying coal to power generation projects.

Tax Exemption for Members of AOP having Turnover Exceeding Rupees 300 Million***(Section 92(1))***

Section 92 of the Income Tax Ordinance, 2001 prescribes that if the AOP has already paid tax, any amount received by a member from the AOP is exempt from tax. The Finance Act, 2024 states that if an AOP has a turnover of three hundred million rupees or more during the tax year or any of the preceding tax years, share attributable to a member will be exempt from tax only if the AOP has filed audited financial statements along with its income tax return.

Belated Filers Excluded from Standard Rate of Tax***(Section 100BA(1))***

Previously, persons not appearing on the active taxpayers' list (ATL) were subject to double the rate of tax required to be deducted or collected. The Finance Act, 2024 implements the provisions of the Tenth Schedule to those individuals also who failed to file their income tax return within the due date. Resultantly the late filer would be subject to tax at a higher rate but the taxpayers who have filed their Income Tax Return within the due date would be taxed at a lower rate.

Concept of Business Connection in Pakistan Broadened***(Section 101 (3A, 3B))***

The definition of "business connection" has been broadened to include a non-resident's "significant economic presence in Pakistan." Significant influence in Pakistan includes:

- a. transaction in respect of any goods, services or property carried out by a non-resident with any person in Pakistan including provision of downloading of data or software in Pakistan, if aggregate of payments arising from such transactions during a tax year exceeds such amount as may be prescribed;
- b. systematic and continuous soliciting of business activities or engaging in interaction through digital means with such number of users in Pakistan as may be prescribed, irrespective of:
 - i. the agreement for such transactions or activities is signed in Pakistan; or
 - ii. the non-resident has a residence or place of business in Pakistan; or
 - iii. the non-resident renders services in Pakistan

With the exception that profits will only be considered to be originated from a business connection in Pakistan to the extent that it can be linked to the transaction or activities referred in clauses (a) or (b) above.

Disallowance of Advertisement Expense for the Person Paying Royalty ***(Section 108(6))***

Where a person is paying royalty for the use of brand names, logos, patents, inventions, designs, secret formulas, copyrights, trademarks, scientific or technical knowledge, franchises, licenses, intellectual properties, or contractual rights to its associate and also claiming advertisement expense, 25% of the total expenditure on sales promotion, advertisement, and publicity for the tax year will be allocated to the said associate where notice from Commissioner is not satisfactorily responded that means such expense to that extent would not be permissible in Pakistan.

Income Tax Ordinance, 2001

Concept of Year of Discovery Changed

(Section 111(2A))

By virtue of the Finance Act, 2024 a new subsection has been inserted explaining the “year of discovery of foreign assets or expenditure or concealed income” as the year in which the Commissioner issues a notice requesting an explanation of the nature and source of the foreign assets, expenditure, or concealed income is defined as the year of discovery of foreign assets or expenditure concealed in making the compliance.

Restriction on Foreign Travel for Persons Not Appearing on the Active Taxpayers’ List

(Section 114B (2))

The Finance Act, 2024 imposes a restriction on foreign travel from Pakistan for individuals who fail to file their tax returns. However, exceptions apply to certain individuals like minors, students, overseas Pakistanis holding NICOP, persons proceeding abroad for Hajj or Umrah and any other classes of persons specified by the Board.

Disclosure of Foreign Assets in Wealth Statements

(Section 116 (1))

The Finance Act, 2024 broadens the definition of assets, meaning thereby that assets include foreign assets and making declaration of such foreign assets in the wealth statement mandatory. Additionally, assets held in the name of taxpayer’s spouse shall be included in the wealth statement only if the spouse is dependent on the taxpayer.

Scope of Best Judgment Assessment Enhanced

(Section 121(1A), (ac))

The Finance Act, 2024 widens the scope of best judgment assessment, authorizing the Commissioner to determine taxable income based on sectoral benchmark ratios as prescribed by the Board. The expression “sectoral benchmark ratios” means standard business sector ratios notified by the Board based on comparative cases and includes financial ratios, production ratios, gross profit ratio, net profit ratio, recovery ratio, wastage ratio and such other ratios in respect of such sectors as may be prescribed.

Further, the scope of best judgment assessment has been enhanced even for the discontinued businesses. By virtue of the insertion of this clause, the Commissioner is empowered to proceed with best judgment in case a person fails to furnish a return of income in response to notice for filing of return as required under sub-Section (3) of Section 117 for discontinued businesses.

Appeal Filing Threshold of First Appeal Prescribed

(Section 122A, 126(A), 127(1))

The Finance Act, 2024 clarifies that “value of assessment of tax” refers to the net increase in tax liability as a result of order sought to be assailed and the value of refund means net reduction in refund as a result of order sought to be assailed. The cases pending before the Commissioner (Appeals) having the value of assessment of tax or, refund of tax exceeding twenty million rupees will on and from the 31st day of December 2024 stand transferred to the Appellate Tribunal Inland Revenue as against the 16th day of June 2024, the deadline given by Tax Amendment Act, 2024 as tabulated below.

As per Tax Laws Amendment Act, 2024	As per Finance Act, 2024
June 16, 2024	December 31, 2024

Income Tax Ordinance, 2001

The Finance Act, 2024, clarifies that the time limitation for filing appeals, i.e., 60 days for appeals to be filed in the Appellate Tribunal and 90 days for references to be filed in the High Court, will continue to apply where any decision of the Commissioner (Appeals) or the Appellate Tribunal is received prior to the date of commencement of the Tax Laws (Amendment) Act, 2024.

Description	Commissioner (Appeals)	Appellate Tribunal Inland Revenue	High Court
Previously	30 days	60 days	90 days
Current	30 days	30 days	30 days

For Advance Tax Calculation Threshold of Turnover Enhanced (Section 147(4))

By virtue of the Finance Act, 2024, if the taxpayer fails to provide turnover or if the turnover is not known, it will be considered as one-fourth of 120% instead of previous threshold of 110% of the turnover from the latest tax year.

Furthermore, the taxpayers will be required to file certain documents with estimates for advance tax. Non-filing of required documents may lead to rejection of the estimate and the taxpayer will be required to pay advance tax as per the prescribed formula.

Minimum Value Criteria for Imports for Income Tax Collection Defined (Section 148)

The Finance Act, 2024 empowers the Board to set the minimum value of goods for advance tax collection at import stage.

Withholding Tax Exemption Withdrawn (Section 152, 153)

Previously, a non-resident having a permanent establishment in Pakistan can avail exemption certificate from the Commissioner for payment without deduction of tax. However, the Finance Act, 2024 has withdrawn this exemption and instead only the reduced rate certificate which shall not exceed 80% of the tax payable can be availed by such non-resident person.

Further to the above, the Finance Act, 2024 has withdrawn the exemption available for payment without the deduction of taxes required to be deducted under Section 153. By virtue of the Finance Act, 2024, the Commissioner is empowered to issue a reduced rate certificate to any person for making payment after the deduction of tax at a reduced rate. Such reduction shall not exceed 80% of the tax payable.

Final Tax Regime for Exporters Abolished (Section 147, 154, 168, 169)

Payments made to exporters against export proceeds were subject to deduction of tax @ 1%, which was considered the full and final discharge of liability. By virtue of the Finance Act, 2024 the tax regime for exporters has been converted from final tax to minimum tax, with 1% advance tax collectable on export proceeds and 1% minimum tax collectable on export proceeds by the authorized withholding agent.

Scope of Penalties Broadened
(Section 182)

By virtue of the Finance Act, 2024 the following new penalties are imposed on account of following offences:

Sr. No.	Offence	Penalty
1B	Where any person fails to furnish a return of income as required under sub-Section (3) of Section 117 within the time specified in the notice	Such person shall pay a penalty equal to higher of: (a) 0.1% of the tax payable in respect of that tax year for each day of default; or (b) Rs. 1,000 per day of default: Provided that minimum penalty shall be Rs.10,000 in case of an individual and Rs. 50,000 in all other cases.
3A	Where any person being a trader or a shopkeeper who is required to apply for registration under this Ordinance but fails to register or fails to pay advance tax as specified in a scheme of special procedure prescribed under Section 99B.	The shop of such person shall be sealed for 7 days for first default and for 21 days for each subsequent default
10A	Any person who fails to comply with income tax general order issued by the Board within 90 days of issue of such order	Such person shall pay penalty of 100 million rupees for first default and 200 million for each subsequent default
12A	Where any person fails to pay tax at the time of making payment as consideration of shares or at the time of registration of shares by the Securities and Exchange Commission of Pakistan or the State Bank of Pakistan, whichever is earlier	Such person shall pay a penalty equal to 50% of the amount of tax involved
35	Any company and an association of persons who – (a) fails to fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer; (b) furnishes any annexure, statement or document specified in the return of income as blank or with incomplete or irrelevant particulars; or (c) attaches blank or incomplete annexures, statements or documents where such annexures, statements or records were required to be filed.	Such company, including a banking company and an association of persons shall pay a penalty of Rs.500,000 or 10% of the tax chargeable on the taxable income, whichever is higher

Income Tax Ordinance, 2001

Scope of Prosecution Widened

(Section 191, 191A, 191B)

Sr. No.	Offence	Penalty
1.	Non furnishing of return after notice for discontinued businesses	Such person shall commit an offence punishable on conviction with a fine or imprisonment for a term not exceeding 1 year, or both
2.	Any company including a banking company and an association of persons who – (a) fails to fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer; (b) furnishes blank or incomplete particulars or information as specified in the return of income; or (c) attaches blank or incomplete annexures, statements or documents where such annexures, statements or records were required to be filed	Such person shall commit an offence punishable on conviction with a fine or imprisonment for a term not exceeding 1 year or both.
3.	Any person specified in Section 99B who is required to apply for registration but fails to do so	Such person shall commit an offence punishable on conviction with imprisonment for a term not exceeding six months or fine or both

Establishment of Tax Fraud Investigation Wing

(Section 230K)

By virtue of the Finance Act, 2024, an Inland revenue wing dedicated to investigating, detecting, analyzing, and combating tax fraud has been provided to be established. The Fraud Investigation Wing of Inland Revenue includes the following units:

- Fraud Intelligence and Analysis Unit
- Fraud Investigation Unit
- Legal Unit
- Accountants Unit
- Digital Forensic and Scene of Crime Unit
- Administrative Unit or any other unit as may be approved by the Board or the Federal Government

The officers include:

- Senior Investigators, Investigators, Junior Investigators, or any other officers of Inland Revenue with any other designation
- Senior Forensic Analyst, Forensic Analysts, and Junior Forensic Analysts
- Senior Data Analyst, Data Analysts, and Junior Data Analysts
- Through the official gazette, the FBR will announce the duties, authority, and powers of the Tax Fraud Investigation Wing and its officers.

Income Tax Ordinance, 2001

Rate of Default Surcharge Rationalized

(Section 205)

Previously, the default surcharge at a fixed rate of 12% per annum was charged on non-payment of tax. By virtue of the Finance Act, 2024, the default surcharge on non-payment of tax will be rationalized to 12% or KIBOR + 3%, whichever is higher.

Advance Tax on Sale of Immovable Property Enhanced

(Section 236C, Division X, Part IV of First Schedule)

By virtue of the Finance Act, 2024, the rate of advance tax on sale of immovable properties has been enhanced as per the following table:

Sr. No.	Amount	Previous Rates 2024		Rate of Tax for Tax Year 2025 and onwards		
		Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Late Filers
1.	Where the gross amount of the consideration received does not exceed Rs. 50 million	3%	6%	3%	10%	6%
2.	Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million	3%	6%	3.5%		7%
3.	Where the gross amount of the consideration received exceeds Rs. 100 million	3%	6%	4%		8%

Scope of Advance Tax on Sales to Distributors, Dealers, Wholesalers, and Retailers

Widened

(Section 236G, 236H)

Previously, advance tax was collected at the prescribed rates on the sale of goods to pharmaceuticals, poultry and animal feed, edible oil and ghee, auto-parts, tyres, varnishes, chemicals, cosmetics, IT equipment, electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector related to certain prescribed Sections.

By virtue of this amendment, every manufacturer, distributor, dealer, wholesaler and commercial importer except for petroleum sector will be required to collect advance tax at the time of sale. Furthermore, rate of advance tax to be collected under these provisions is enhanced for inactive taxpayers as per the following table:

Income Tax Ordinance, 2001

Section	Description	Previous Rates 2024		Rate of Tax for Tax Year 2025 and onwards	
		Active Taxpayer	Inactive Taxpayer	Active Taxpayer	Inactive Taxpayer
236G	Every type of good	0.1%	0.2%	0.1%	2%
236G	Specialized rate for fertilizers	0.25%	0.7%	0.25%	0.7%
236H	On gross amount of sale to retailers	0.5%	1%	0.5%	2.5%

Advance Tax on Purchase of Immovable Property

(Section 236K, Division XVIII, Part IV of First Schedule)

By virtue of the Finance Act, 2024, the advance tax on purchase of immovable properties has been enhanced as per the following table:

Sr. No.	Amount	Previous Rates 2024		Rate of Tax for Tax Year 2025 and onwards		
		Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Late Filers
1.	Where the gross amount of the consideration received does not exceed Rs. 50 million	3%	10.5%	3%	12%	6%
2.	Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs. 100 Million	3%	10.5%	3.5%	16%	7%
3.	Where the gross amount of the consideration received exceeds Rs. 100 million	3%	10.5%	4%	20%	8%

- For the purposes of this rule, any person who has filed their return after the prescribed due date/ extended date in any of the preceding 3 tax years, will be considered a late filer.

Income Tax Ordinance, 2001

Time Limitation of Appeal

(Section 239, 131, 133)

The Finance Act, 2024 clarifies that the time limitation for filing of appeals, i.e., 60 days for appeals to be filed in the Appellate Tribunal and 90 days for references to be filed in the High Court, shall continue to apply where any decision of the Commissioner (Appeals) or the Appellate Tribunal is received prior to the date of commencement of the Tax Laws (Amendment) Act, 2024.

The First Schedule

Rate of Tax for Salaried Individuals

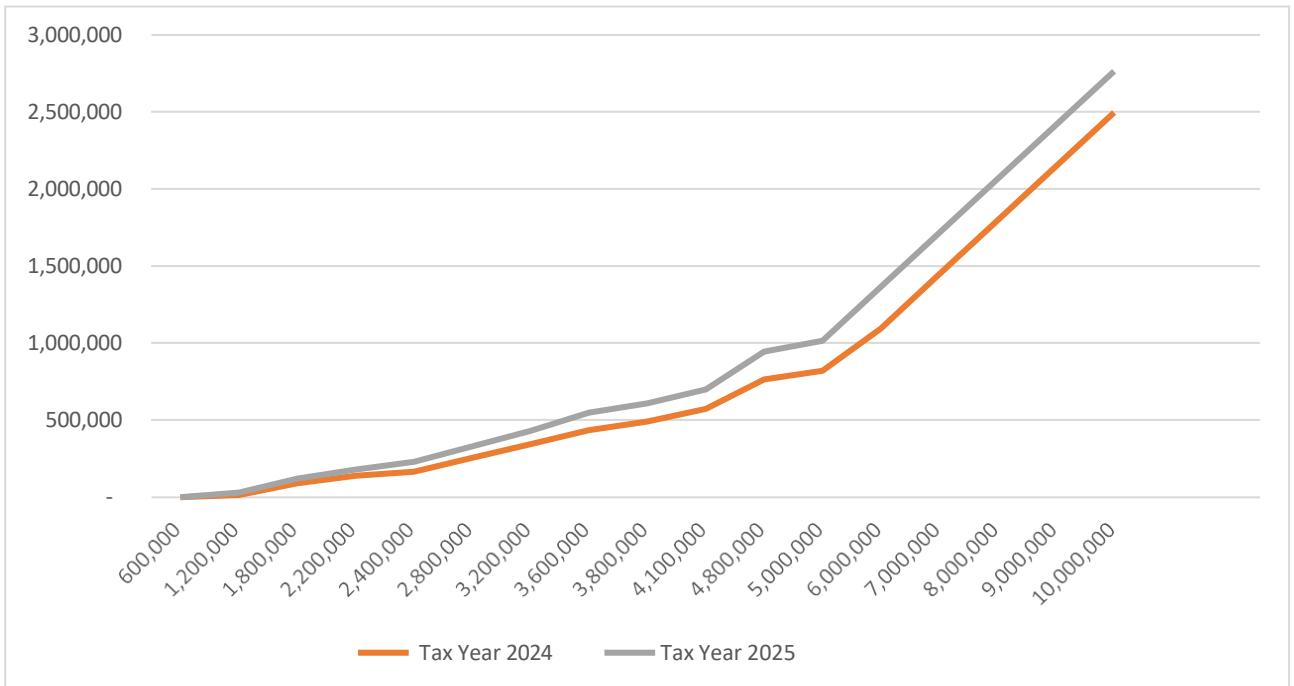
(Division I, Part I of the First Schedule)

The Finance Act, 2024 has enhanced the tax rates for salaried individuals as per table given below:

Income Brackets	Rates
Taxable income not exceeding Rs. 600,000	0%
Taxable income exceeding Rs. 600,000 but not exceeding Rs. 1,200,000	5% of the amount exceeding Rs. 600,000
Taxable income exceeding Rs. 1,200,000 but not exceeding Rs. 2,200,000	Rs. 30,000 + 15% of the amount exceeding Rs. 1,200,000
Taxable income exceeding Rs. 2,200,000 but not exceeding Rs. 3,200,000	Rs. 180,000 + 25% of the amount exceeding Rs. 2,200,000
Taxable income exceeding Rs. 3,200,000 but not exceeding Rs. 4,100,000	Rs. 430,000 + 30% of the amount exceeding Rs. 3,200,000
Taxable income exceeding Rs. 4,100,000	Rs. 700,000 + 35% of the amount exceeding Rs. 4,100,000

Previous Tax Liability Vis-à-vis New Tax Liability on Salary Income

Annual Salary (Rs.)	Tax Amount (Rs.) Tax Year 2024	Tax Amount (Rs.) Tax Year 2025	Difference (Rs.)
600,000	-	-	-
1,200,000	15,000	30,000	15,000
1,800,000	90,000	120,000	30,000
2,200,000	140,000	180,000	40,000
2,400,000	165,000	230,000	65,000
2,800,000	255,000	330,000	75,000
3,200,000	345,000	430,000	85,000
3,600,000	435,000	550,000	115,000
3,800,000	490,000	610,000	120,000
4,100,000	572,500	700,000	127,500
4,800,000	765,000	945,000	180,000
5,000,000	820,000	1,015,000	195,000
6,000,000	1,095,000	1,365,000	270,000
7,000,000	1,445,000	1,715,000	270,000
8,000,000	1,795,000	2,065,000	270,000
9,000,000	2,145,000	2,415,000	270,000
10,000,000	2,495,000	2,765,000	270,000

Graphical Representation


A surcharge at the rate of 10% of the income tax payable has been imposed on every salaried individual whose taxable income exceeds Rs. 10 million.

Rate of Tax for Business Individuals and AOP (Division I, Part I of the First Schedule)

The Finance Act, 2024 enhances the applicable tax rate up to a whopping rate of 45% of the taxable income in case of Business Individuals and AOP. The aforementioned rate of 45% has been capped at 40% for professional firms, who are legally not allowed to incorporate into company. The new rate of tax is set out in the following table:

Income Brackets	Rates
Taxable income not exceeding Rs. 600,000	0%
Taxable income exceeding Rs. 600,000 but not exceeding Rs. 1,200,000	15% of the amount exceeding Rs. 600,000
Taxable income exceeding Rs. 1,200,000 but not exceeding Rs. 1,600,000	Rs. 90,000 + 20% of the amount exceeding Rs. 1,200,000
Taxable income exceeding Rs. 1,600,000 but not exceeding Rs. 3,200,000	Rs. 170,000 + 30% of the amount exceeding Rs. 1,600,000
Taxable income exceeding Rs. 3,200,000 but not exceeding Rs. 5,600,000	Rs. 650,000 + 40% of the amount exceeding Rs. 3,200,000
Taxable income exceeding Rs. 5,600,000	Rs. 1,610,000 + 45% of the amount exceeding Rs. 5,600,000

A surcharge at the rate of 10% of the income tax payable has been imposed on every business individual and AOP whose taxable income exceeds Rs. 10 million.

Income Tax Ordinance, 2001

Tax Rate on Dividend Enhanced

(Division III, Clause (b) of First Schedule)

Previously, dividend income from mutual funds was subject to tax @ 15%. However, by virtue of the Finance Act, 2024, the tax rate on dividends is to be enhanced from 15% to 25% on dividends derived from mutual funds that earn 50% or more of their income from profit on debt.

Applicability of Tax on Capital Gains on Disposal of Securities Revised

(Division-VII, Part-I, First Schedule)

Previously, capital gains on sale of securities is being taxed on the basis of holding period with maximum rate of 15% and no tax is payable if the holding period exceeds 6 years. By virtue of the Finance Act, 2024 if the securities are acquired on or after 01 July, 2024, the capital gain on sale of such securities will be taxed at flat rate of 15% for filers, and for non-filers, the gain will be taxed at normal rates with minimum rate of 15% and maximum rate of 45%. The following are the applicable tax rates:

Sr. No.	Holding Period	Previous Rates 2024	Rate of Tax for Tax Year 2025 and onwards			
			For Securities acquired between 1st day of July, 2022 and 30th June, 2024 (both dates inclusive)	For securities acquired on or after 1st day of July, 2024	For securities acquired on or after 1st day of July, 2013 but before June, 2022	For securities acquired before the July 01,2013
1	Where the holding period does not exceed one year	15%	15%			
2	Where the holding period exceeds one year but does not exceed two years	12.5%	12.5%			
3	Where the holding period exceeds two years but does not exceed three years	10%	10%	15%	12.5%	0%
4	Where the holding period exceeds three years but does not exceed four years	7.5%	7.5%			
5	Where the holding period exceeds four years but does not exceed five years	5%	5%			
6	Where the holding period exceeds five years but does not exceed six years	2.5%	2.5%	15%	12.5%	0%

Income Tax Ordinance, 2001

Sr. No.	Holding Period	Previous Rates 2024	Rate of Tax for Tax Year 2025 and onwards			
			For Securities acquired between 1st day of July, 2022 and 30th June, 2024 (both dates inclusive)	For securities acquired on or after 1st day of July, 2024	For securities acquired on or after 1st day of July, 2013 but before June, 2022	For securities acquired before the July 01,2013
7	Where the holding period exceeds six years	0%	0%	15%	12.5%	0%
8	Future commodity contracts entered into by members of Pakistan Mercantile Exchange	5%	5%	5%	5%	5%

Further tax rate on capital gains from mutual funds and collective investment schemes is also enhanced from 10% to 15%. Further, in the case of Stock Funds if dividend receipts of fund are less than the capital gain then the rate of tax deduction shall be 15%. Capital Gain Tax shall be deducted at the rates specifies below:

Category	Previous Rate of Tax 2024	Rate of Tax 2025 onwards
Individual and association of persons	10% for stock funds 10% for other funds	15% for stock funds 15% for other funds
Company	10% for stock funds 25% for other funds	15% for stock funds 25% for other funds

***Tax on Capital Gain on Immovable Properties Rationalized
(Section 37, Division VIII of Part I of the First Schedule)***

By virtue of the Finance Act, 2024 a flat rate of 15% would be applicable on gains from the disposal of immovable property acquired on or after 1st July, 2024 by Active Taxpayers regardless of the holding period and for non-filers, progressive tax rate shall not be less than 15%.

Income Tax Ordinance, 2001

Sr. No.	Holding Period	Previous Rate of Tax 2024			Rate of Tax 2025 onwards			Property acquired on or after July 01, 2024
		Rate of Tax Year 2023 and Onwards			Properties acquired on or before June 30, 2024			
		Open Plots	Constructed Property	Flats	Open Plots	Constructed Property	Flats	
1.	Where the holding period does not exceed one year	15%	15%	15%	15%	15%	15%	15%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%	10%	7.50%	12.5%	10%	7.5%	
3	Where the holding period exceeds two years but does not exceed three years	10%	7.50%	0%	10%	7.5%	0%	
4	Where the holding period exceeds three years but does not exceed four years	7.5%	5%	-	7.5%	5%	-	
5	Where the holding period exceeds four years but does not exceed five years	5%	0%	-	5%	0%	-	
6	Where the holding period exceeds five years but does not exceed six years	2.5%	-	-	2.5%	-	-	
7	Where the holding period exceeds six years	0%	-	-	0%	-	-	

Income Tax Ordinance, 2001

The rate of tax on capital gain on immovable properties has been rationalized for non-filers. Such capital gain in the hands of non-filer shall be taxed at normal rates with minimum rate of 15% and maximum rate of 45%.

Withholding Tax on Sale of Goods (Section 153, Division III, Part III of First Schedule)

By virtue of the Finance Act, 2024, there is an increase withholding tax rates on the payments made u/s 153(1)(a) for toll manufacturing from 5% to 9% in case of companies and from 5.5% to 11% in all other cases.

Sr. No.	Description	Previous Rates 2024	Rate of Tax 2025 onwards	
		Goods including Toll Manufacturing	Goods	Toll Manufacturer
1.	In case of Company	5%	5%	9%
2.	Other than Company	5.5%	5.5%	11%

Withholding Tax on the Subscriber of Internet, Mobile Telephone, and Pre-paid Internet or Telephone card (Division V, Part IV of First Schedule)

By virtue of the Finance Act, 2024, the withholding tax on subscriber of internet, mobile telephone and pre-paid internet or telephone card are as per the following table:

Description	Previous Rate of Tax 2024		Rate of Tax 2025 onwards	
	Tax Rate (for Active Taxpayers)	Tax Rate (for In-Active Taxpayers)	Tax Rate (for Active Taxpayers)	Tax Rate (for persons mentioned in the Income tax general order issued u/s 114B)
On amount of bill or sale price of internet prepaid card or prepaid telephone card or sale of units to any electronic medium	15%	15%	15%	75%

Withholding Tax on Registration of Vehicles (Division VII, Part IV of First Schedule)

By virtue of the Finance Act, 2024, the basis of tax collection shall be changed from fixed amount basis on engine capacity to percentage of value basis in cases of all motor vehicles due to substantial increase in prices of vehicles. The rate of tax on registration of motor vehicles shall be as follows:

Sr. No.	Previous Tax Applicable till 2024		Rate of Tax 2025 onwards
	Engine Capacity	Value / Rate of Tax	Rate of Tax
1.	Up to 850cc	10,000	0.5% of the value
2.	851cc to 1000cc	20,000	1% of the value
3.	1001cc to 1300cc	25,000	1.5% of the value
4.	1301cc to 1600cc	50,000	2% of the value
5.	1601cc to 1800cc	150,000	3% of the value
6.	1801cc to 2000cc	200,000	5% of the value
7.	2001cc to 2500cc	6% of the value	7% of the value
8.	2501cc to 3000cc	8% of the value	9% of the value
9.	Above 3000cc	10% of the value	12% of the value

Advance Tax on Purchase of Immovable Property

(Section 236K, Division XVIII, Part IV of First Schedule)

Previously, the advance tax on purchase of immovable property was collected at the rate of 3%. However, by virtue of the Finance Act, 2024 the rate of 3% shall be collected on properties valued up to Rs. 50 million, rate of 3.5% for properties more than Rs.50 million but not exceeding Rs. 100 million and rate of 4% shall be collected on properties valued above Rs. 100 million. The rate of tax to be collected under Section 236K (Advance tax on purchase or transfer of immovable property) shall be as follows:

Sr. No.	Amount	Previous Rate of Tax 2024		Rate of Tax 2025 onwards		
		Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Late Filers
1.	Where the gross amount of the consideration received does not exceed Rs. 50 million	3%	10.5%	3%	12%	6%
2.	Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million	3%	10.5%	3.5%	16%	7%
3.	Where the gross amount of the consideration received exceeds Rs. 100 million	3%	10.5%	4%	20%	8%

Advance Tax on Sale of Immovable Property
(Section 236C, Division X, Part IV of First Schedule)

Previously, the advance tax on the sale of immovable property was collected at the rate of 3%. However, by virtue of the Finance Act, [the rate of 3% shall be collected on properties valued up to Rs. 50 million, a rate of 3.5% for properties more than Rs. 50 million but not exceeding Rs. 100 million and a rate of 4% shall be collected on properties valued above Rs. 100 million. The rate of tax to be collected under Section 236C (Advance tax on sale or transfer of immovable property) shall be as follows:

Sr. No.	Amount	Previous Rate of Tax 2024		Rate of Tax 2025 onwards		
		Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Active Taxpayers	Tax Rate for Inactive Taxpayers	Tax Rate for Late Filers
1.	Where the gross amount of the consideration received does not exceed Rs. 50 million	3%	6%	3%	10%	6%
2.	Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million	3%	6%	3.5%		7%
3.	Where the gross amount of the consideration received exceeds Rs. 100 million	3%	6%	4%		8%

The Second Schedule

Exemption of Income from Subsidy Withdrawn

(Clause (102A), Part-I of the Second Schedule)

By virtue of the Finance Act, 2024, the said clause has been omitted, meaning subsidies granted by the Federal Government shall be taxed.

Increase in Rate of Withholding Tax for Cigarette Distributors

(Clause (24A), Part-II of the Second Schedule)

Previously, the rate of tax under Clause (a) of Sub-Section (1) of Section 153 of the Income Tax Ordinance, 2001, on distributors of cigarettes and pharmaceutical products was 1% of gross amount of payments. By virtue of the Finance Act, 2024, the rate of income tax withholding for cigarette distributors has been increased from 1% to 2.5% on the gross amount of payment.

Sr. No.	Description	Previous Rate of Tax 2024	Rate of Tax 2025 onwards
1.	Distributors of cigarettes	1%	2.5%
2.	Distributors of pharmaceutical products	1%	1%

The Seventh Schedule

(Rule 1(d) of Seventh Schedule)

Previously, the amount of “bad debts” classified as sub-standard or doubtful under the Prudential Regulations issued by the State Bank of Pakistan were not allowed as an expense. However, by virtue of the Finance Act, 2024, the scope of bad debts has been widened by including provisions for advances, off-balance sheet items or any other financial asset classified in Stage I, II or III as Performing, Under-Performing or Non-Performing under any applicable accounting standard including IFRS 09 shall not be allowed as expense. However, only “bad debts” classified as “loss” pertaining to non-performing assets under the Prudential Regulations issued by the State Bank of Pakistan shall be allowed as an expense.

Provisions or expected credit loss for advances and off-balance sheet items or any other financial asset existing before or after the 1st day of January, 2024 under IFRS 09 shall not be allowed as an expense or deduction.

The Tenth Schedule

The following tax rates have been increased for person not appearing in the ATL:

Sr. No.	Section	Description	Previous Rate of Tax 2024	Rate of Tax 2025 onwards
1.	151	On yield of Profit and Debt	30%	35%
2.	236G	On the gross amount of sale to distributors, dealers or wholesalers other than sale of fertilizer	0.2%	2%
3.	236H	On the gross amount of sale to retailers	1%	2.5%

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Sales Tax Act, 1990

Sales Tax Act, 1990

Definition of Licensed Integrator Included

(Section 2(15A))

The definition of “Licensed Integrator” has been inserted by virtue of Finance Act, 2024. The word “Licensed Integrator” means any person licensed by the Board to provide an electronic invoicing system for the integration of registered persons in the prescribed manner.

Definition of Tax Fraud Included

(Section 2(37))

The Finance Act, 2024 streamlines the term Tax Fraud in the following manner:

“Tax Fraud” means intentionally understating or underpaying the tax liability or overstating the entitlement to tax credit or tax refund in contravention of duties or obligations imposed under this Act by way of submission of false return, statements or false documents or withholding of correct information or documents to cause loss of tax and includes:

- a. suppression of sales or receipts that are chargeable to tax;
- b. false claim of input tax credit;
- c. making taxable supplies of goods without issuing any tax invoice;
- d. issuance of any tax invoice without the supply of goods leading to an inadmissible claim of input tax credit or refund;
- e. evasion of tax by availing undue input tax credit or obtaining inadmissible refund;
- f. collection of any amount as tax but failing to deposit the same;
- g. falsification or causing falsification of invoice or substitution of financial records or production of fake accounts or documents or furnishing of any false information to evade tax;
- h. tampering with or destroying any material evidence or documents required to be maintained;
- i. acquisition, possession, transport, disposal or in any way removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner dealing with, any goods in respect of which there are reasons to believe that these are liable to confiscation Any act or omission mentioned herein shall be treated as intentional unless the person accused of tax fraud proves that he had no intention, motive, knowledge, or reason to believe that he was committing tax fraud;
- j. making of taxable supplies without getting registration; or
- k. intentional doing of any act or causing to do an act or omitting to take any action or causing the omission to take any action to cause loss of tax.

Any act or omission mentioned in this clause shall be treated as intentional unless the person accused of tax fraud proves that he had no intention, motive, knowledge, or reason to believe that he was committing a tax fraud

Scope of Time of Supply Enhanced

(Section 2(44))

By virtue of the Finance Act, 2024 definition of “time of supply” has been restored in its original form by reinstatement of the phraseology, “or the time when any payment is received by the supplier in respect of that supply, whichever is earlier”. Time of supply would mean the earlier of the following:

- a. the time when the goods are delivered or made available to the recipient of the supply or the time when any payment is received by the supplier in respect of that supply, whichever is earlier,
- b. the time at which the agreement is entered into, and
- c. time at which services are rendered and provided.

Sales Tax Act, 1990

Powers of Assessment Streamlined Through Legislative Re-arrangement (Section 11)

Section 11 provides for assessment of tax where taxpayer fails to file return or pays amount which is less than amount of tax due or has made short payment or has claimed input credit or refund which is not admissible and this Section is the only provision under the Act which provides for assessment of tax through adjudication in case the self-assessed tax of the taxpayer, is unpaid or short paid for the reasons herein above. The Finance Act, 2024 deleted Section 11 of the Sales Tax Act, 1990.

Limitation for Issuing Orders in Certain Cases (Section 11(B))

For the purposes of issuing an assessment order or any other order in consequence of or to give effect to any order made by the Commissioner (Appeals), Appellate Tribunal, High Court, or Supreme Court, the provisions of Section 124 of the Income Tax Ordinance, 2001 shall apply mutatis mutandis.

Best Judgment Assessment Powers Prescribed (Section 11(D))

A new Section “Best Judgment Assessment” has been inserted by virtue of the Finance Act, 2024 that empowers the commissioner to do a best judgment assessment order if a person fails to file a sales tax return after notice or fails to produce required documents. An Inland Revenue Officer may impose penalties, default surcharges based on available information. The officer may also disallow or reduce input tax credits if proper documentation is not provided. Furthermore, if a return is filed within 60 days of issuance of order and taxes, penalties, and surcharges are paid, the notice and assessment order will be nullified. Additionally, if minimum tax liability conditions are specified by the FBR for the person required to file the return but fails to file the return, the officer will determine the liability accordingly.

Assessment of Tax and Recovery of Tax (Section 11(E))

A new Section “Assessment of Tax and Recovery of tax not levied or short levied or erroneously refunded” has been inserted by virtue of the Finance Act, 2024 which states that if, for any reason, including collusion or a deliberate act, tax or charge has not been levied or is under-levied, the Inland Revenue Officer can issue a show-cause notice if there is suspicion, based on an audit or otherwise, that a person:

1. has not paid or has underpaid sales tax,
2. claimed inadmissible input tax credit or refund, or
3. obtained the amount of refund not due,

Following this, the officer will determine and recover the unpaid or short-paid tax, inadmissible input tax or refund, or unlawfully obtained refund, and impose penalties and default surcharges in accordance with sections 33 and 34. Furthermore, the officer may also disallow input tax if the taxpayer fails to provide necessary documentation. Unlevied tax will be recovered as a tax fraction of the supply value.

Failure to Withhold Sales Tax (Section 11(F))

A new Section “Failure to withheld Sales Tax” has been inserted by virtue of the Finance Act, 2024 which states that if a person required to withhold sales tax fails to withheld or, having withheld the tax, fails to deposit it as prescribed, an Inland Revenue Officer shall issue a show-cause notice. Following this, the officer will determine and recover the defaulted amount and impose penalties and default surcharges in accordance with Sections 33 and 34.

Sales Tax Act, 1990

Threshold for Limitation for Assessment Defined

(Section 11(G))

A new Section "Limitation for Assessment" has been inserted by virtue of Finance Act, 2024 which states that a show-cause notice under Sections 11D to 11F must be issued within five years from the end of the financial year in which the relevant date falls. An order under these Sections must be made within 120 days of issuing the notice or within an extended period, not exceeding 90 days, as specified in writing by the Commissioner. Any adjournment due to a stay order, Alternative Dispute Resolution proceedings, or a request by the registered person (not exceeding 60 days) is excluded from this timeframe. The "relevant date" refers to the time of sales tax payment under Section 6, the time of payment for withholding tax under Section 3(7), or the date of an erroneous refund.

Sales Tax Audit Mechanism Streamlined

(Section 25)

The heading of section 25 has been changed from "Access to record, documents, etc." to "Audit of sales tax affairs" and existing provisions have been amended. Now the sales tax audit will be conducted by the department as:

1. The Commissioner on the basis of reasons to be recorded in writing, may direct the officer of Inland Revenue not below the rank of Assistant Commissioner to conduct audit of sales tax affairs of any registered person and issue a notice to such registered person intimating him regarding audit of sales tax affairs.
2. The Commissioner shall communicate the reasons referred to in sub-section (1) to the registered person whose audit is to be conducted through the notice under sub-section (1).
3. The reasons referred to in sub-section (1) shall be based on scrutiny by the Commissioner or any other sales tax authority of the available records including sales tax and federal excise returns, income tax returns and withholding statements, financial statements or third party information:

Provided that the reasons shall not include the mere verification of input tax, output tax, refund claim and compliance of legal provisions without identifying risk factors that require such verification.

Scope of Penalties Broadened

(Section 33)

By the virtue of Finance Act, 2024, if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge voluntarily, whenever it comes to his notice, before receipt of notice of audit, no penalty shall be recovered from him: Provided that if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge during the audit, or at any time before issuance of show cause notice under section 11E, he may deposit the evaded amount of tax, default surcharge under section 34, and twenty-five percent of the penalty payable under section 33. Provided further that if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge after issuance of show cause notice under section 11E, he shall deposit the evaded amount of tax, default surcharge under section 34, and full amount of the penalty payable under section 33 and thereafter, the show cause notice, shall stand abated."

Filing Requirement for Outstanding Tax Returns prescribed

(Section 26(2A))

A new sub-section has been inserted by virtue of Finance Act, 2024 that empowers the Inland Revenue Officer to issue a written notice to individuals who have failed to file a tax return, requiring them to submit the return within 15 days. However, the officer can extend or shorten this period as deemed necessary. Moreover, the notice shall be issued within 15 years from the end of the financial year in which the return was to be filed in cases of tax fraud, and 5 years for all other cases.

Sales Tax Act, 1990

Establishing Tax Fraud Investigation Wing

(Section 30(AB))

By virtue of the Finance Act, 2024, an Inland revenue wing dedicated to investigating, detecting, analyzing, and combating tax fraud has been provided to be established. The Fraud Investigation Wing of Inland Revenue includes the following units:

- Fraud Intelligence and Analysis Unit
- Fraud Investigation Unit
- Legal Unit
- Accountants Unit
- Digital Forensic and Scene of Crime Unit
- Administrative Unit or any other unit as may be approved by the Board or the Federal Government

The officers include:

- Senior Investigators, Investigators, Junior Investigators, or any other officers of Inland Revenue with any other designation
- Senior Forensic Analyst, Forensic Analysts, and Junior Forensic Analysts
- Senior Data Analyst, Data Analysts, and Junior Data Analysts

Through the official gazette, the FBR will announce the duties, authority, and powers of the Tax Fraud Investigation Wing and its officers.

Rate of Default Surcharge Rationalized

(Section 34(1)(a))

Previously, the default surcharge at a fixed rate of 12% per annum was charged on non-payment of sales tax. By virtue of the Finance Act, 2024, the default surcharge on non-payment of sales tax will be rationalized to 12% or KIBOR + 3%, whichever is higher.

The Fifth Schedule

The Finance Act, 2024 omits the following clauses of Serial No. 12 and Serial No. 16, 17, and 21 from the list of zero-rated goods.

Sr. No.	Description
12.	The following goods and the raw materials, packing materials, sub-components, components, sub-assemblies and assemblies imported or purchased locally for the manufacture of the said goods, subject to the conditions, limitations and restrictions as prescribed by the Board. xvii. Preparations suitable for infants, put up for retail sale not exceeding rupees six hundred per two hundred grams] (PCT Heading 1901.1000). xx. Colors in sets (PCT heading 3213.1000). xxi. Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090). xxii. Erasers (PCT heading 4016.9210 and 4016.9290). xxiv. Pencil sharpeners (PCT heading 8214.1000). xxv. Other drawing, marking out or mathematical calculating instruments (geometry box) (PCT heading 9017.2000). xxvi. Pens, ball pens, markers and porous tipped pens (PCT heading 96.08). xxvii. Pencils including color pencils (PCT heading 96.09)".
16.	Milk (PCT heading 04.01)
17.	Fat filled milk (PCT heading 1901.9090)
21.	Local supplies of commodities, raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions as specified therein.

Sales Tax Act, 1990

The Sixth Schedule

The Finance Act, 2024 omits the following serial No. 13, 15, 86, 87, 88, 90, 96, 97, 98, 120, 169, 170, and 174 in Table-I from the list of exempt goods:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
13.	Edible vegetables 787[imported from Afghanistan] including roots and tubers, 788[except ware potato and onions], whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled canned.	0701.1000, 0702.0000, 0703.2000, 0703.9000, 0704.1000, 0704.2000, 0704.9000, 0705.1100, 0705.1900, 0705.2100, 0705.2900, 0706.1000, 0706.9000, 0707.0000, 0708.1000, 0708.2000, 0708.9000, 0709.1000, 0709.2000, 0709.3000, 0709.4000, 0709.5100, 0709.6000, 0709.7000, 0709.9000, 0710.1000, 0710.2100, 0710.2200, 0710.2900, 0710.3000, 0710.4000, 0710.8000, 0710.9000, 0712.2000, 0712.3100, 0712.3200, 0712.3300, 0712.3900 and 0712.9000
15.	Fruit imported from Afghanistan excluding apples PCT 0808.1000	0804.1010, 0804.1020, 0804.2000, 0804.3000, 0804.4000, 0804.5010, 0804.5020, 0804.5030, 0805.1000, 0805.2910, 0805.2100, 0805.2200, 0805.2990, 0805.4000, 0805.5000, 0805.9000, 0806.1000, 0806.2000, 0807.1100, 0807.1900, 0807.2000, 0808.3000, 0808.4000, 0809.1000, 0809.2000, 0809.3000, 0809.4000, 0810.1000, 0810.2000, 0810.4000, 0810.5000, 0810.6000, 0810.9010, 0810.9090, 0811.1000, 0811.2000, 0811.9000, 0813.1000, 0813.2000, 0813.3000, 0813.4010, 0813.4020 and 0813.4090]

Sales Tax Act, 1990

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
86.	Colors in sets (Poster colors)	3213.1000
87.	Writing, drawing and making inks	3215.9010 and 3215.9090
88.	Erasers	4016.9210 and 4016.9290
90.	Pencil sharpeners	8214.1000
96.	Other drawing, marking out or mathematical calculating instruments (geometry box)	9017.2000
97.	Pens, ball pens, markers and porous tipped pens	96.08
98.	Pencils including color pencils	96.09
120.	Diagnostic kits or equipment as prescribed in Sales Tax Act, 1990	Respective headings
169.	Oil cake and other solid residues	2306.1000
170.	Tractor	8701.9220 and 8701.9320
174.	Machinery and equipment as listed at serial number 32 of the Table of Part-I of Fifth Schedule to the Customs Act, 1969 (IV of 1969), subject to the conditions, limitations and restrictions specified thereunder.	Respective headings.

Besides the omissions described above, the following goods are exempt from the chargeability of Sales Tax:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
175	Import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments or any goods received as gift or donation from a foreign government or organization by the Federal or Provincial Governments or any public sector organization. Subject to the recommendations of the Minister Incharge and concurrence by the Federal Board of Revenue subject to condition that the concerned Ministry shall verify the genuineness of such cases and furnish an undertaking to the effect that donated goods shall not be sold, utilized or disposed of otherwise than for the purpose for which the same have been imported.	9908(i) and 9911.”.
176	POL products: (i) MS (Petrol) (ii) High Speed Diesel Oil (iii) Kerosene (iv) Light Diesel Oil	2710.1210, 2710.1931, 2710.1911 and 2710.1921
177	Supply of electricity to Azad Jammu and Kashmir	Respective headings
178	Import of gold under entrustment scheme under SRO 760(I)/2013	Respective heading
179	Import of cystagon, cysta drops and trientine capsules (for personal use only)	3004.9099
180	Bovine semen	0511.1000.”

Sales Tax Act, 1990

The Finance Act, 2024 omits the following Serial No. 7 and 21 of Table II from the list of exempt goods:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
7.	Vermicillies, sheer mal, bun and rusk excluding those sold in bakeries, and sweet shops falling in the category of Tier-1 retailers.	Respective heading
21.	Poultry feed, cattle feed, sunflower seed meal, rape seed meal and canola seed meal	2306.3000, 2306.4900 and respective headings

Besides the omissions as prescribed above, the following goods are exempt from the chargeability of sales tax:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
56.	Milk excluding: i. that sold under a brand name; or ii. supplied by corporate dairy farms	04.01.
57.	Iron and steel scarp excluding supplied by manufacturer-cum-exporter of recycled copper, authorized under Export Facilitation Scheme, 2021.	7204.4100, 7204.3000, 7204.4990.”.

Modification in time period under Finance Act, 2024

Sr. No.	Description
151	(b) Imports of plant, machinery, and equipment for installation in tribal areas, as well as industrial inputs by industries located in tribal areas as defined in the Constitution of the Islamic Republic of Pakistan, will be considered eligible until 30th June, 2025. These imports would have been exempt from the provisions of the Act or related notifications if Article 247 of the Constitution had not been omitted under the Constitution (Twenty-fifth Amendment) Act, 2018.
152	Electricity supplies made from the day of assent to the Constitution (Twenty-fifth Amendment) Act, 2018, until 30th June, 2025, to residential and commercial consumers in tribal areas, as well as to industries in tribal areas that were established and began production before 31st May, 2018, will be eligible. However, this exemption does not apply to steel, ghee, or cooking oil industries.

Eighth Schedule

The Finance Act, 2024 omits the following Serial No. 58 and 66 from the list of reduced rate goods. Furthermore, the existing reduced sales tax rates for locally manufactured hybrid electric vehicles has been extended until June 30, 2026. Moreover, there is increase in tax rate from 5% to 10% on Imported personal computers and Laptop computers, notebooks whether or not incorporating multimedia kit.

Serial No. 81 has been changed and applicable only on substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976). Following goods are now charged at prescribed rate as per the Finance Act, 2024:

Sr. No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)	Rate of Sales Tax
84	Colors in sets	3213.1000	10%
	i. Writing, drawing and marking inks	3215.9010 and 3215.9090	
	i. Erasers	4016.9210 and 4016.9290	
	i. Exercise books	4820.2000	
	i. Pencil sharpeners	8214.1000	
	i. other drawing, marking out or mathematical calculating instruments (geometry box)	9017.2000	
	i. Pens, ball pens, markers and porous tipped pens	96.08	
	i. Pencils including color pencils	96.09	
85	Oil cake and other solid residue	2306.1000	10%
86	Tractors	8701.9220 and 8701.9320	10%
87	Local supply of vermicillies, sheer mal, bun and rusk excluding those sold in bakeries, and sweet shops falling in the category of Tier-1 retailers.	Respective headings	10%
88	Local supply of poultry feed, cattle feed, sunflower seed meal, rape seed meal and canola seed meal	2306.3000, 2306.4900 and respective headings	10%

Ninth Schedule

The Finance Act, 2024 has changed the following tax rates for Serial No.1 of Table-II:

Sales Tax Act, 1990

Sr. No.	Description/Specification of Goods	Sales tax on CBUs at the time of import or registration (IMEI number by CMOs)	Sales tax on import in CKD/SKD condition	Sales tax on supply of locally manufactured mobile phones in CBU condition in addition to tax under column (4)
1.	Cellular mobile phones or satellite phones to be charged on the basis of import value per set, or equivalent value in rupees in case of supply by the manufacturer, at the rate as indicated against each category:-			
	A. Not exceeding US\$ 500	18% ad valorem	18% ad valorem	18% ad valorem
	B. Exceeding US\$ 500	25% ad valorem	18% ad valorem	18% ad valorem

The Finance Act, 2024 omits the clause (iii), (iv) and (v) under heading Liability, Procedure and Condition.

Eleventh Schedule

The Finance Act, 2024 changes the withholding tax rate from 75% to 80% in Serial No. 7 and addition of following Serial No.:

Sr. No.	Withholding agent	Supplier category	Rate and extent of deduction
9.	Registered persons manufacturing cement	Persons supplying any kind of gypsum under chapter 25 (PCT headings 2520.1010, 2520.1020,2521.0000) or limestone flux under chapter 25 (PCT headings 2520.1010,2520.1020, 2521.0000)	80% of the sales tax applicable
10	Registered persons	Persons supplying any kind of coal under chapter 27 (PCT headings 2701.1100,2701.1200, 2701.1900,2701.2000, 2704.0010,2704.0020, 2704.0090) or	80% of the sales tax applicable
11.	Registered persons	Persons supplying any kind of waste of paper and paper board (Respective headings)	80% of the sales tax applicable
12.	Registered persons	Persons supplying any kind of plastic waste (Respective headings)	80% of the sales tax applicable
13.	Registered persons	Persons supplying crush stone and silica	80% of the sales tax applicable

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Federal Excise Act, 2005

Federal Excise Act, 2005

Rate of Default Surcharge Rationalized

(Section 8)

Previously, the default surcharge at a fixed rate of 12% per annum was charged on non-payment of duties. By virtue of the Finance Act, 2024, the default surcharge on non-payment of FED is rationalized to 12% or KIBOR + 3%, whichever is higher.

Commissioner’s Approval Required for Installation/ Dismantling of High Value Plant and Machinery

(Clause (f), Sub-section 3, Section 19)

The Finance Act, 2024 directs that any person who, without prior permission of the Commissioner, installs plant and machinery, commences production, or removes plant and machinery, where the value of that plant and machinery is Rs. 50 million and above, shall be liable to a fine which may extend to Rs. 50,000 or five times the duty involved, whichever is higher, or shall be liable to punishment with imprisonment which may extend to five years, or both.

Measures Against Illegal Sale of Cigarettes

(Sub-section 10A, Section 19)

In the effort to counter the illegal sale of smuggled and non-taxpaid cigarettes in the market, Finance Act, 2024 grants power that if any retailer is found selling cigarettes packs without affixing, or affixing counterfeited, tax stamps, banderoles, stickers, labels or barcodes, the retail outlet of such person shall be liable to be sealed in the manner as may be prescribed.

Transfer of Tax Cases to Appellate Tribunal Inland Revenue

(Sub-section 4, Section 33A)

The Finance Act, 2024 clarifies that “value of assessment” refers to the net increase in liability as a result of order sought to be assailed and the value of refund means net reduction in refund as a result of order sought to be assailed. The cases pending before the Commissioner (Appeals) having the value of assessment of duties or, refund of duties exceeding five million rupees will on and from the 31st day of December 2024 stand transferred to the Appellate Tribunal Inland Revenue as against the 16th day of June 2024, the deadline given by Tax Amendment Act, 2024 as tabulated below.

As per Tax Laws Amendment Act, 2024	As per Finance Act, 2024
June 16, 2024	December 31, 2024

The Finance Act, 2024, clarifies that the time limitation for filing appeals, i.e., 60 days for appeals to be filed in the Appellate Tribunal and 90 days for references to be filed in the High Court, will continue to apply where any decision of the Commissioner (Appeals) or the Appellate Tribunal is received prior to the date of commencement of the Tax Laws (Amendment) Act, 2024.

Description	Commissioner (Appeals)	Appellate Tribunal Inland Revenue	High Court
Previously	30 days	60 days	90 days
Current	30 days	30 days	30 days

Federal Excise Act, 2005

Following Changes have been made in the First Schedule to the Federal Excise Act, 2005.

(Table-1)

Sr. No.	Description of Goods	Heading / Sub-heading number	Rate of Duty
7a	Acetate Tow	Respective heading	Rs. 44,000 per kg.
8a	E-liquids by whatsoever name called, for electric cigarette kits	Respective heading	Rs. 10,000 per kg or 65% of retail price whichever is higher
8d	Nicotine Pouches	Respective heading	Rupees 1,200 per kg
9	Locally produced cigarettes if their on-pack printed retail price exceeds Rs. 12,500 per 1,000 cigarettes.	24.02	Rs. 16,500 per 1,000 cigarettes
10	Locally produced cigarettes if their on-pack printed retail price does not exceed Rs. 12,500 per 1,000 cigarettes.	24.02	Rs. 5,050 per 1,000 cigarettes
13	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not colored or in the form of clinkers	25.23	Rs.4 per kilogram
56	Filter rod for cigarettes	Respective headings	Rs, 80,000 per kg
63	Lubricating Oil	2710.1951, 2710.1952 and 2710.1953	5% ad valorem

(Table-1)

Sr. No.	Description of Goods	Heading / Sub-heading number	Rate of Duty
3	(b) Services provided or rendered in respect of travel by air of passengers embarking on international journey from Pakistan		
	(i) Economy and economy plus air tickets issued on or after the 1st day of July, 2024		Rs. 12,500
	(i) Club, business and first-class air tickets issued on or after the 1st day of July, 2024: a) IATA Traffic Conference Area 1 (North, Central, South America and Environs) b) IATA Traffic Conference Area 2 (I) Middle East and Africa (II) Europe a) IATA Traffic Conference Area 3 (Far East, Australia, New Zealand and Pacific Islands)		(a) Rs. 350,000 (b) (i) Rs. 150,000 (ii) Rs. 210,000 (c) Rs. 210,000

(Table-3)

The Finance Act, 2024 has introduced following insertions for imposition of the FED:

Sr. No.	Description of Items	Heading / Sub-heading number	Rate of Duty
1	Allotment or transfer of commercial property and first allotment or first transfer of open plots or residential property by any developer or builder in such mode and manner and subject to such conditions and restrictions as may be prescribed by the Board	Respective headings	3% for filer 5% for late filer 7% for non-filer
2	Sugar supplied by any person to a manufacturer	Respective headings	Rs. 15 per kg

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Customs Act, 1969

Customs Act, 1969

Insertion of New Definitions

(Section 2)

The following new definitions have been inserted by the virtue of The Finance Act, 2024:

Nuclear Material

(Clause na)

Definition of “Nuclear Material” has been adopted as defined in the Pakistan Nuclear Regulatory Authority Ordinance 2001.

Radioactive Material

(Clause qaa)

Definition of “Radioactive Material” has been adopted as defined in the Pakistan Nuclear Regulatory Authority Ordinance 2001.

Establishment of Offices of Directorate General of National Targeting Centre and Trade Money Laundering

(Section 3CCD, 3CCE)

The Finance Act, 2024, states that the office of Directorate General of National Targeting Centre and Trade Money Laundering shall consist of as many Directors, Additional Directors, Deputy Directors, Assistant Directors by giving notification in the official gazette.

Intelligence Bureau Empowered to Assist Customs Officers

(Section 7)

To combat smuggling and collection of due amount of duty, law enforcing agencies including police and Border Military Police are required to assist the officers of customs. By virtue of the Finance Act, 2024, Intelligence Bureau is also directed to assist the officers of customs to efficiently discharge their functions under the law.

New Penal Provisions Introduced

(Section 156)

By virtue of the Finance Act, 2024, the following new penalties related to goods in the form of nuclear material have been introduced:

Sr. No.	Offences	Penalties
08 (V)	If the smuggled goods are identified and categorized as nuclear material: Provided that if any offence specified within this Section concerns breach of national security, the same shall be dealt with under the National Command Authority Act, 2010,(V of 2010), if	Such goods shall be liable to confiscation and any person concerned in the offence shall be liable to imprisonment which may extend to seven years, or with fine which may be up to one million rupees, or with both.

Customs Act, 1969

Sr. No.	Offences	Penalties
	<p>(a) the quantity and form of nuclear material is that as defined in the Regulations on Physical Protection of Nuclear Material and Nuclear Installations – (PAK/925) or any amendment therein as determined by PNRA, in case of-</p> <p>(i) unirradiated Plutonium including all plutonium except that with isotopic composition exceeding eighty percent of Plutonium-238, is less than fifteen grams, or;</p> <p>(ii) unirradiated Uranium enriched to twenty percent or more of U-235, is less than fifteen grams, or;</p> <p>(iii) unirradiated uranium enriched to ten percent U-235 but less than twenty percent of U-235, is less than 1kg</p> <p>(iv) unirradiated uranium enriched above natural, but less than ten percent U-235 is less than ten Kgs, or</p> <p>(v) unirradiated U-233, is less than fifteen grams</p>	<p>Imprisonment which may extend to seven years, or with fine which may be up to one million rupees, or with both.</p>
08 (V)	<p>(b) the quantity and form of nuclear material is that as defined in the Regulations on Physical Protection of Nuclear Material and Nuclear Installations – (PAK/925) or any amendment therein, and determined by PNRA, in case of;</p> <p>(i) unirradiated Plutonium including all plutonium except that with isotopic composition exceeding eighty percent of Plutonium-238, is fifteen grams but does not exceed 500 grams, or;</p> <p>(ii) unirradiated Uranium enriched to twenty percent or more of U-235, is fifteen grams or more but does not exceed one kilogram, or;</p> <p>(iii) unirradiated uranium enriched to ten percent U-235 but less than twenty percent of U-235, is 1kg or more but does not exceed ten kgs, or;</p> <p>(iv) unirradiated uranium enriched above natural, but less than ten percent U-235, is more than ten kgs, or;</p> <p>(v) unirradiated U-233, is fifteen grams or more but does not exceed five hundred grams</p>	<p>Imprisonment which may extend to ten years and shall also be liable to fine which may be up to five million rupees.</p>

Sr. No.	Offences	Penalties
	<p>(c) the quantity and form of nuclear material is that as defined in the Regulations on Physical Protection of Nuclear Material and Nuclear Installations – (PAK/925) or any amendment therein as determined by PNRA, in case of:</p> <p>(i) unirradiated plutonium including all plutonium except that with isotopic composition exceeding eighty percent of plutonium-238, is more than five hundred grams but does not exceed two Kgs, or;</p> <p>(ii) unirradiated Uranium enriched to twenty percent or more of U-235, is more than one Kg but does not exceed five kilograms, or;</p> <p>(iii) unirradiated uranium enriched to ten percent U-235 but less than twenty percent of U-235, is more than ten kgs, or;</p> <p>(iv) unirradiated U-233, is more than five hundred grams but does not exceed two Kgs;</p>	<p>Imprisonment for life, or Imprisonment for a term which may extend to fourteen years and shall also be liable to fine which may extend to ten million rupees.</p>
08 (V)	<p>(d) the quantity and form of nuclear material is that as defined in the Regulations on Physical Protection of Nuclear Material and Nuclear Installations – (PAK/925) or any amendment therein as determined by PNRA, in case of-</p> <p>(i) unirradiated plutonium including all plutonium except that with isotopic composition exceeding 80% of Plutonium-238, is more than two Kgs, or;</p> <p>(ii) unirradiated Uranium enriched to twenty percent or more of U-235, is more than five kilograms, or;</p> <p>(iii) unirradiated U-233, is more than two Kgs; and</p>	<p>Imprisonment for life, or Imprisonment for a term which shall not be less than fourteen years and shall also be liable to fine which may be up to five million rupees.</p>
	<p>(a) the activity (A) to dangerous value (D) ratio of radioactive materials or radioactive sources, as defined in the Regulations on Security of Radioactive Sources- (PAK/926) or any amendment therein as determined by the PNRA, does not exceed one (1) in numeric number.</p>	<p>Imprisonment which may extend to two years, or with fine, or with both.</p>
	<p>(b) the activity (A) to dangerous value (D) ratio of radioactive materials or radioactive sources, as defined in the Regulations on Security of Radioactive Sources- (PAK/926) or any amendment therein as determined by the PNRA, is more than one but does not exceed ten in numeric number.</p>	<p>Imprisonment which may extend to seven years, or with fine, or with both.</p>

Customs Act, 1969

Sr. No.	Offences	Penalties
08 (V)	(c) the activity (A) to dangerous value (D) ratio of radioactive materials or radioactive sources, as defined in the Regulations on Security of Radioactive Sources- (PAK/926) or any amendment therein as determined by the PNRA, is more than ten (10) but does not exceed thousand in numeric number; and	Imprisonment which may extend to fourteen years and shall be liable to fine upto five million.
	(d) the activity (A) to dangerous value (D) ratio of radioactive materials or radioactive defined in the Regulations on Security of Radioactive Sources- (PAK/926) or any amendment therein as determined by the PNRA, exceeds the limit specified under clause (c).	Imprisonment for life, or Imprisonment for a term which shall not be less than fourteen years and shall also be liable to fine which may be up to five million rupees.
09	(i) If any goods, not being goods referred to in clause 8, are imported into or exported from Pakistan evading payment of leviable customs-duties or in violation of any prohibition or restriction on the importation or exportation of such goods imposed by or under this Act or any other law; or (ii) If any attempt be made so to import or export any such goods; or (iii) If any such goods be found in any package produced before any officer of customs as containing no such goods; or (iv) If any such goods be found either before or after landing or shipment to have been concealed in any manner on board any conveyance within the limits of any seaport, airport, railway station or other place where conveyances are ordinarily loaded or unloaded; or (v) If any such goods, the exportation of which is prohibited or restricted as aforesaid be brought within a customs area or to a wharf, with the intention of loading them on a conveyance for exportation in violation of such prohibition or restriction.	Such goods shall be liable to confiscation; and any person concerned in the offence shall also be liable to a penalty not exceeding two times the value of the goods.
83	If any police-officer, whose duty it is, under Section 170 , to send a written notice or cause goods to be conveyed to a custom-house, neglects so to do.	Such officer shall, on conviction before Special Judge, be liable to a penalty not exceeding fifty thousand rupees.

Customs Act, 1969

Sr. No.	Offences	Penalties
85	<p>If any person knowingly-</p> <p>(a) obstructs, hinders, falsely accuses or implicates, threatens, molests or assaults an official of Customs or any person while duly engaged or subsequently in the discharge of any duty or the exercise of any power imposed or conferred on him by or under any of the provisions of this Act or any person acting in his aid; or</p> <p>(b) does anything which impedes or is calculated to impede, the carrying out of any search for anything required in an inquiry, investigation, audit of goods liable to confiscation under this Act or the detention, seizure or removal of any such thing; or</p> <p>(c) rescues, damages or destroys anything so liable to confiscation or does anything calculated to prevent the procuring or giving of evidence as to whether or not anything is so liable to confiscation; or</p> <p>(d) prevents the detention of any person by a person duly engaged or acting as aforesaid, or rescues any person so detained; or</p> <p>(e) attempts to do any of the aforementioned acts or things, or who aids or abets, or attempts to aid or abet, the doing of any of them.</p>	<p>Such person shall, on conviction before a Special Judge be liable to a fine of not less than one hundred thousand rupees, and to imprisonment for a term not exceeding two years.</p>
89 (iii)	<p>In case any smuggled goods, liable to confiscation, seized and placed in the custody of the owner of the goods or any person holding the goods in his possession or charge are found removed illegally, exchanged, pilfered or disposed of in any manner.</p>	<p>Such person shall be liable to a penalty not exceeding ten times the value of such goods and upon conviction by a Special Judge, shall further be liable to imprisonment for a term not exceeding six years or to a fine not exceeding one million rupees or both.</p>
90 (i)	<p>If any person, without lawful excuse the proof of which shall be on such person, acquires possession of, or is in any way concerned in carrying, removing, depositing, harboring, keeping or concealing or in any manner dealing with any goods, not being goods referred to in clause 89, which have been unlawfully removed from a warehouse, or which are chargeable with a duty which has not been paid, or with respect to the importation or exportation of which there is a reasonable suspicion that any prohibition or restriction for the time being in force under or by virtue of this Act has been contravened, or if any person is in relation to any such goods in any way, without lawful excuse, the proof of which shall be on such person, concerned in any fraudulent evasion or attempt at evasion of any duty chargeable thereon, or of any such prohibition or restriction as aforesaid or of any provision of this Act applicable to those goods.</p>	<p>Such goods shall be liable to confiscation, and any person concerned shall also be liable to a penalty not exceeding ten times the value of the goods.</p>

Customs Act, 1969

Sr. No.	Offences	Penalties
90 (ii)	In case seized goods liable to confiscation not being goods referred to in clause 89, placed in the custody of the owner of the goods or any person holding the goods in his possession or charge are found removed illegally, exchanged, pilfered or disposed of in any manner.	Such goods shall be liable to confiscation and any person concerned in the offence shall be liable to a penalty not exceeding two times of the value of such goods and upon conviction by a Special Judge, shall further be liable to imprisonment for a term not exceeding six months or to a fine not exceeding fifty thousand rupees or both.

***Rationalization of Provisions relating to Appeals to Appellate Tribunal
(Section 194, 194A, 194B, 194C, 195C, 196)***

Previously, the members of Appellate Tribunal were appointed by Prime Minister. However, by virtue of the Finance Act, 2024 members of Appellate Tribunal shall be appointed by the Federal Government. Furthermore, the Finance Act 2024, has expanded the eligibility criteria for the appointment of the members of Appellate Tribunal. Eligibility criteria of the ATIR members under the Finance Act, 2024, are as follows:

1. Is an advocate of a High Court for not less than fifteen years (previously ten years)
2. Is an officer of the Customs Services in BS-21 or above
3. Is an officer of the Customs Services in BS-20 or above having served in such grade for three years or more

The Chairman of the Appellate Tribunal shall be appointed by the Federal Government fulfilling the eligibility criteria as stated above in point 1. Further, Finance Act, 2024, states that members, including the Chairman, shall retire at the age of sixty-two (previously it was 60 years).

Appeals to Appellate Tribunal:

By virtue of the Finance Act, 2024 it has been enacted that the bench for hearing of appeal against the order passed by Directorate General Customs Valuation shall consist of at least two members including one Judicial Member and one Technical Member to be presided by the Chairman himself.

Previously, the appeal before Appellate Tribunal shall be filed within 60 days the receipt of the order, However, the Finance Act, 2024, has reduced the timeframe of filing an appeal to 30 days. Fees prescribed by virtue of finance act 2024, is tabulated hereunder:

Description	Previous Fee 2024 (Rs.)	Current Fee 2025 onwards (Rs.)
In case of company	1,000	20,000
In other cases,	1,000	5,000

Appellate Tribunal may after affording opportunity of being heard may stay the recovery of duty and taxes for 30 days. However, order may be confirmed or varied as the Tribunal deems fit but stay order shall in no case exceed 90 days.

Decision of Appeal:

Decision of appeal shall be decided within 90 days (previously 60 days) of filing of appeal. However, such timeframe can be extended for an additional period of 60 days (previously, as the Tribunal may allow with reasons to be recorded in writing) with the agreement of both parties and for reasons that will be documented in writing.

It also has been enacted that no adjournment shall be granted except:

- a) Where there are compelling reasons and;
- b) on mandatory payment of such cost as the Appellate Tribunal may deem fit, which shall not be less than fifty thousand rupees.

The Finance Act, 2024, has reduced the time period for the rectification of clerical, arithmetical errors or errors arising from accidental slip and omissions apparent from the record from period of 1 year to 15 days only.

Furthermore, the order of Appellate Tribunal shall remain pending for 30 days, if both parties prefer a reference to the High Court within this period.

Procedure of Appellate Tribunal:

The Finance Act, 2024, has implemented that every appeal against a decision or order deciding a case involving duty, tax, penalty or fine exceeding five million rupees will be heard by a special bench for hearing such appeals and such bench shall consist of not less than two members and shall include at least one judicial member and one technical member.

The chairman or any other member of the Appellate Tribunal authorized by the chairman may dispose of any case which has been allotted to the bench on which the above-mentioned person is a member where: -

- a) the value of the goods confiscated without option having been given to the owner of the goods to pay a fine in lieu of confiscation
- b) in any disputed case the difference in duty or tax involved, or the amount of fine or penalty involved does not exceed five million rupees.

Provided further that, if the members of the bench differ in opinion on any point, the point shall be decided according to the opinion of the majority. And if no majority the case shall be referred to and decided by chairman.

Alternate Dispute Resolution:

The Finance Act, 2024, has reduced the timeframe for appointment of the ADR committee from 30 days to 15 days. Further, the ADR Committee shall consist of Customs Officer not below the rank of Chief Collector having jurisdiction of the case.

Previously, the committee was required to decide the dispute within 90 days of the constitution of committee. However, by virtue of the Finance Act, 2024, this period is reduced to 45 days provided that such period can be extended upto 15 days on the basis of reasonable grounds.

Customs Act, 1969

If the aggrieved person is satisfied with the decision of the committee, he shall withdraw the appeal pending before the court of law or any appellate authority and communicate the order of withdrawal to the Collector within 30 days of the service of the decision.

Reference to High Court:

Previously, a reference to the High Court on a question of law can be filed within 90 days from the date the order is communicated. To expedite this process the timeframe for filing a reference is reduced to 30 days, including questions of law or mixed questions of law and fact arising from the Appellate Tribunal's order. Additionally, the fee for filing a reference application is increased from Rs. 100 to Rs. 50,000. The Finance Act also directs that the Collector should not recover customs duty for 15 days from the date the Appellate Tribunal's order. Furthermore, the applicant must submit a complete record of the Appellate Tribunal within 15 days of filing a reference application.

Amendments in Fifth Schedule

Following changes have been introduced in the Fifth Schedule to the Customs Act, 1969

Sr. No.	Description	PCT Code	Customs Duty (%)	Conditions
1	(K) Machinery, equipment, capital goods, and materials for setting up, modernization, replacement or expansion for hatcheries, farms, feed mills and seafood processing units of fish and shrimp sector	Respective heading	0%, 3%, 5%	1. Imports by fish/ shrimp hatcheries, farms, feed mills and seafood processing units, registered under the Sales Tax Act, 1990 and Fisheries 2. Ministry of National Food Security and Research shall certify in the prescribed manner and format as per Annex-B to the effect that the imported goods are bona fide requirement. The Authorized Officer of the Ministry shall furnish all relevant information online to Pakistan Customs Computerized System against a specific user ID and password obtained under Section 155D of the Customs Act, 1969
21	7. (c) Raw materials for the manufacture of PV Modules		0%	If imported by the local assemblers/ manufacturers registered under the Sales Tax Act, 1990, of PV Modules subject to quota determination by the Input Output Co-efficient Organization (IOCO)
	(d) Parts of Solar Inverters		0%	
	(e) Parts of Lithium Batteries		0%	
	8. Following machinery and equipment imported by manufacturing units of Solar Cells, Solar Panels, Solar Inverters & Solar Batteries:		0%	1. Engineering Development Board (EDB) shall certify in the prescribed manner and format as per Annex-B that the imported goods are bona fide project requirement. The authorized officer of the EDB shall furnish all relevant information online to Pakistan Customs Computerized System against a specific user ID and password obtained under Section 155D of the Customs Act, 1969. 2. The goods shall not be sold or otherwise disposed of without prior approval of the FBR and payment of customs duties and taxes leviable as prescribed by FBR.
	(a) Solar Cell Manufacturing Equipment.		0%	
	(b) Solar PV Modules Panels Manufacturing machinery and equipment.		0%	
(c) Solar Inverters manufacturing machinery and equipment.		0%		
(d) Lithium-ion batteries manufacturing machinery and equipment.		0%		

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Tax Planning Guide

Income Tax Ordinance, 2001

Compliance Requirement and Deadlines

What Year End Can a Taxpayer Adopt?

Person	Tax Year Type	Year End
Companies, AOPs and Individuals	Normal Tax Year	July 01 to June 30
Sugar	Special Tax Year	October 01 to September 30
Banking and Insurance Companies	Special Tax Year	January 01 to December 31
Ginners, Rice Huskers, Oil Mills	Special Tax Year	September 01 to August 31
Shawl Manufacturers	Special Tax Year	April 01 to March 31

When to File the Return of Income?

Status	Year End	Date of Filing	Tax Year
Salaried Individual & Non-corporate Taxpayer (falling under FTR)	June 30, 2024	September 30, 2024	2024
Other Individuals & AOPs	June 30, 2024	September 30, 2024	2024
Company (including falling under FTR)	June 30, 2024	December 31, 2024	2024
Company	September 30, 2024	September 30, 2025	2025
Company	December 31, 2024	September 30, 2025	2025

When to Pay Advance Tax by an AOP or Company?

Period	Quarter	Payment Date
1 st July to 30 th September	September Quarter	On or before the 25 th of September
1 st October to 31 st December	December Quarter	On or before the 25 th of December
1 st January to 31 st March	March Quarter	On or before the 25 th of March
1 st April to 30 th June	June Quarter	On or before the 15 th of June

Individuals have to pay advance tax within 15 days after the close of each quarter.

For advance tax calculation, if turnover is not provided or known, it will be considered as one-fourth of 120% rather than the previous 110% of the turnover from the latest tax year

Who is Required to Pay Advance Tax?

- Every business individual whose latest assessed taxable income excluding the presumptive tax income is Rs. 1,000,000 or more
- Every Association of Person
- Every Company

Individual and Corporate Tax Planning Guide

Initial and First Year Allowance

- The rate of initial allowance under Section 23 shall be 25% for plant and machinery.
- The rate of first year allowance under Section 23B shall be 90%.
- From July 1, 2022, 100% depreciation will be allowed in the year of purchase.

Tax Depreciation Rates

Description	Rate
Building (all types)	10%
Furniture (including fittings) and machinery and plant (not otherwise specified), Motor vehicles (all types), ships, technical or professional books	15%
Computer hardware including printer, monitor and allied items, machinery and equipment used in manufacture of IT products, aircrafts and aero engines	30%
In case of mineral oil concerns the income of which is liable to be computed in accordance with the rules in Part-I of the Fifth Schedule: <ul style="list-style-type: none"> • Offshore platform and production installations 	20%
A ramp built to provide access to persons with disabilities not exceeding Rs. 250,000 each	100%

Allowances and Tax Credits

Sec	Particulars	Benefit	Limit
60	Zakat	Deductible Allowance	No Limit
60A	Workers' Welfare Fund	Deductible Allowance	No Limit
60B	Workers' Participation Fund	Deductible Allowance	No Limit
60D	Education Expenses	Deductible Allowance (Subject to maximum taxable income of individual for claiming deductible allowance is Rs. 1,500,000)	Lower of: <ul style="list-style-type: none"> • 5% of the total tuition fee paid by the individual • 25% of the person's taxable income for the year; and • An amount computed by multiplying Rs. 60,000 with number of children of the Individual.

Income Tax Ordinance, 2001

Sec	Particulars	Benefit	Limit
61	Charitable Donations	Tax Credit	<p>Tax Credit: (A/B)*C A= Assessed amount of tax for the year before any tax credit. B= Taxable income for the year. C= Lower of:</p> <ul style="list-style-type: none"> • Total amount of person's donations during the year or • 30% of taxable income in case of individual and AOP or • 20% of taxable income in case of company • In case of Donation to Associate <ol style="list-style-type: none"> 1. 15% of taxable income in case of individual and AOP. 2. 10% of taxable income in case of company.
63	Approved Pension Fund	Tax Credit	<p>Tax Credit: (A/B)*C A= Assessed amount of tax for the year before the allowance of tax credit under this section. B= Taxable income for the year. C= Lower of:</p> <ul style="list-style-type: none"> • The total contribution or premium paid or • 20% of the person's taxable income
64B	Employment Generation by Manufacturers	Tax Credit	2% of tax payable for every 50 employees registered with The Employees Old Age Benefits Institution or the Employees Social Security Institutions of Provincial Governments subject to maximum of 10% of tax payable
64D	Point of Sale (POS)	Tax Credit	<p>Credit shall be lower of;</p> <ul style="list-style-type: none"> • Amount actually invested in purchase of point of sale machine. • 150,000 per machine.
65E	Industrial Undertakings Established Before July 01, 2011	Tax Credit	<p>Tax Credit: A* (B/C) A= Assessed amount of tax for the year or B= Equity raised through issuance of new share for cash consideration or C= Total amount invested</p>
65F	Coal Mining Projects and Startup	Tax Credit	100% Tax Credit upon fulfillment of conditions
65G	Specified Industrial Undertakings.	Tax Credit	25% of the eligible investment

Rate of Tax for Individual and AOP

The rates of tax imposed on the taxable income of every individual and AOP shall be as set out in the following table:

Income Brackets	Rates
Taxable income not exceeding Rs. 600,000	0%
Taxable income exceeding Rs. 600,000 but not exceeding Rs. 1,200,000	15% of the amount exceeding Rs. 600,000
Taxable income exceeding Rs. 1,200,000 but not exceeding Rs. 1,600,000	Rs. 90,000 + 20% of the amount exceeding Rs. 1,200,000
Taxable income exceeding Rs. 1,600,000 but not exceeding Rs. 3,200,000	Rs. 170,000 + 30% of the amount exceeding Rs. 1,600,000
Taxable income exceeding Rs. 3,200,000 but not exceeding Rs. 5,600,000	Rs. 650,000 + 40% of the amount exceeding Rs. 3,200,000
Taxable income exceeding Rs. 5,600,000	Rs. 1,610,000 + 45% of the amount exceeding Rs. 5,600,000

Rate of Tax for Salaried Individual

The rates of tax imposed on the taxable income of every salaried individual shall be as set out in the following table:

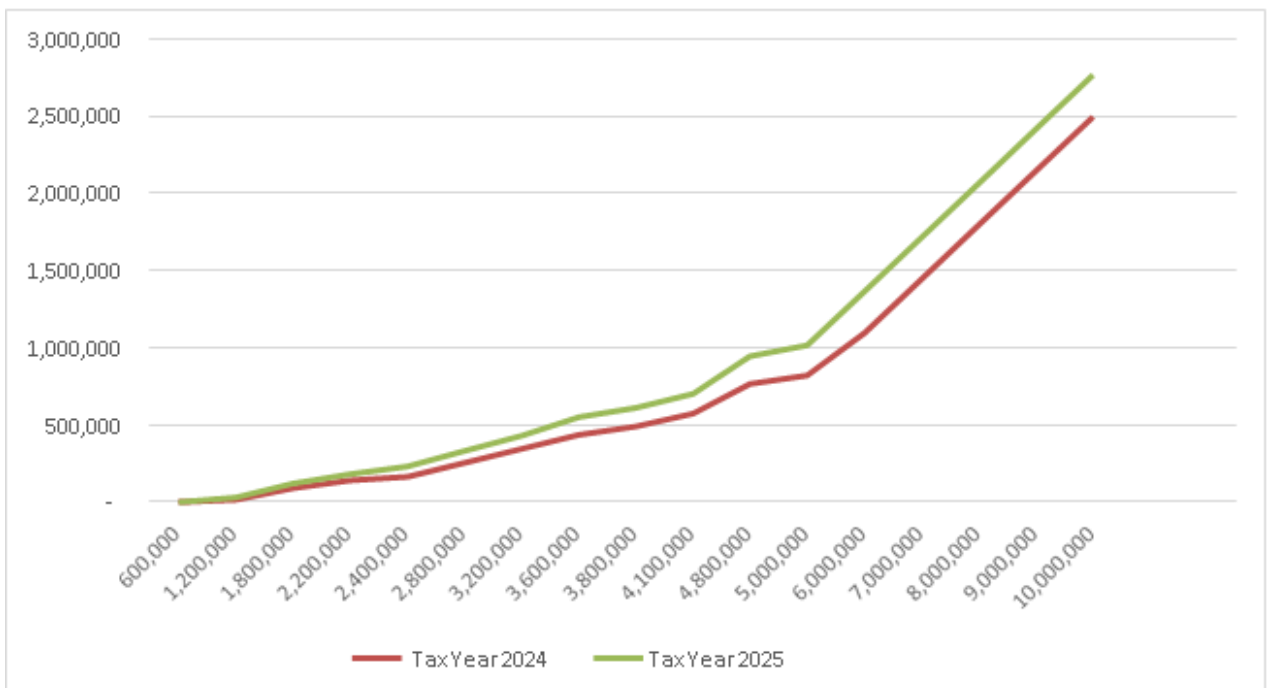
Income Brackets	Rates
Taxable income not exceeding Rs. 600,000	0%
Taxable income exceeding Rs. 600,000 but not exceeding Rs. 1,200,000	5% of the amount exceeding Rs. 600,000
Taxable income exceeding Rs. 1,200,000 but not exceeding Rs. 2,200,000	Rs. 30,000 + 15% of the amount exceeding Rs. 1,200,000
Taxable income exceeding Rs. 2,200,000 but not exceeding Rs. 3,200,000	Rs. 180,000 + 25% of the amount exceeding Rs. 2,200,000
Taxable income exceeding Rs. 3,200,000 but not exceeding Rs. 4,100,000	Rs. 430,000 + 30% of the amount exceeding Rs. 3,200,000
Taxable income exceeding Rs. 4,100,000	Rs. 700,000 + 35% of the amount exceeding Rs. 4,100,000

For every individual (including salaried individuals) and Association of Persons (AOP), whose taxable income for the year exceeds Rs 10 million, a surcharge shall be payable at the rate of 10% of the income tax.

This surcharge shall not be applicable on incomes falling within the purview of final tax regime or for which special tax rates are prescribed

Comparison of Tax Liability on Salary Income

Annual Salary (Rs.)	Tax Amount (Rs.) Tax Year 2024	Tax Amount (Rs.) Tax Year 2025	Difference (Rs.)
600,000	-	-	-
1,200,000	15,000	30,000	15,000
1,800,000	90,000	120,000	30,000
2,200,000	140,000	180,000	40,000
2,400,000	165,000	230,000	65,000
2,800,000	255,000	330,000	75,000
3,200,000	345,000	430,000	85,000
3,600,000	435,000	550,000	115,000
3,800,000	490,000	610,000	120,000
4,100,000	572,500	700,000	127,500
4,800,000	765,000	945,000	180,000
5,000,000	820,000	1,015,000	195,000
6,000,000	1,095,000	1,365,000	270,000
7,000,000	1,445,000	1,715,000	270,000
8,000,000	1,795,000	2,065,000	270,000
9,000,000	2,145,000	2,415,000	270,000
10,000,000	2,495,000	2,765,000	270,000



Tax Rate on Rental Income for Individuals and AOP

In Division V, Part III of First Schedule the following new rates have been inserted:

Sr. No.	Gross Amount of Rent	Rate of Tax
1.	Where the gross amount of rent does not exceed Rs. 300,000	0%
2.	Where the gross amount of rent exceeds Rs. 300,000 but does not exceed Rs. 600,000	5% of the gross amount exceeding Rs. 300, 000
3.	Where the gross amount of rent exceeds Rs. 600,000 but does not exceed Rs. 2,000,000	Rs. 15,000 + 10% of the gross amount exceeding Rs. 600, 000
4.	Where the gross amount of rent exceed Rs. 2,000,000	Rs. 155,000 + 25% of the gross amount exceeding Rs. 2,000,000

Every person making payment to a company on account of rent is required to deduct tax @ 15%.

Capital Gain on Disposal of Securities

The rate of tax to be paid under section 37A shall be as follow:

Sr. No.	Holding Period	Tax Year 2025			
		For Securities acquired between 1st day of July, 2022 and 30th June, 2024 (both dates inclusive)	For securities acquired on or after 1st day of July, 2024	For securities acquired on or after 1st day of July, 2013 but before June, 2022	For securities acquired before the July 01,2013
1.	Where the holding period does not exceed one year	15%	15%	12.5%	0%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%			
3.	Where the holding period exceeds two years but does not exceed three years	10%			
4.	Where the holding period exceeds three years but does not exceed four years	7.5%			
5.	Where the holding period exceeds four years but does not exceed five years	5%			
6.	Where the holding period exceeds five years but does not exceed six years	2.5%			
7.	Where the holding period exceeds six years	0%			
8.	Future commodity contracts entered into by members of Pakistan Mercantile Exchange	5%	5%	5%	5%

Income Tax Ordinance, 2001

Further tax rate on capital gains from mutual funds and collective investment schemes is also enhanced from 10% to 15%. Furthermore, in the case of Stock Funds if dividend receipts of fund are less than the capital gain then the rate of tax deduction shall be 15%. Capital Gain Tax shall be deducted at the rates specifies below:

Category	Rate
Individual and association of persons	15% for stock funds 15% for other funds
Company	15% for stock funds 25% for other funds

Capital Gain on Disposal of Immovable Properties

The amount of any gain arising on disposal of an immovable property shall be computed as per the below table:

Sr. No.	Holding Period	Tax Rates			
		on properties acquired on or before June 30, 2024			on properties acquired on or after July 01, 2024
		Open Plots	Constructed Property	Flats	
1.	Where the holding period does not exceed one year	15%	15%	15%	15%
2.	Where the holding period exceeds one year but does not exceed two years	12.5%	10%	7.5%	
3.	Where the holding period exceeds two years but does not exceed three years	10%	7.5%	-	
4.	Where the holding period exceeds three years but does not exceed four years	7.5%	5%	-	
5.	Where the holding period exceeds four years but does not exceed five years	5%	0%	-	
6.	Where the holding period exceeds five years but does not exceed six years	2.5%	-	-	
7.	Where the holding period exceeds six years	0%	-	-	

However, Non-Filers to be taxed under NTR with minimum rate of 15% and maximum rate of 45%.

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Withholding Tax Rate Card

Income Tax Ordinance, 2001

Nature of Payment / Transaction	Standard Tax Rate	Tax Regime/Adjustable
Section 148 – Imports		
Import of goods classified in Part I of the Twelfth Schedule	1% of import value	MTR - Commercial Imports Adjustable - Industrial Undertaking Usage
Import of goods classified in Part II of the Twelfth Schedule	- 2% of import value - 3.5% for commercial importer	
Import of goods classified in Part III of the Twelfth Schedule	- 5.5% of Import Value - 6% for Commercial Importer	
Manufacturer covered under SRO. 1125(i)/2011 dated 21.12.2011 and importing items covered under this SRO.	1%	MTR
Persons importing finished pharmaceutical products not manufactured in Pakistan as certified by Drug Regularity Authority of Pakistan	4%	MTR
Section 149 – Salary		
Salary paid by Employer	Average Rate of Tax	NTR
Section 150 – Dividend		
Dividend paid by independent power purchaser	7.50%	FTR
Other Companies and Mutual funds	15%	FTR
Dividend received by REIT scheme from SPV	0%	FTR
Dividend received by others from SPV	35%	FTR
Dividend paid by a company where no tax is payable by such company due to exemption of income etc.	25%	FTR
Section 151 - Profit on Debt		
Profit on debt	15%	FTR- up to Rs. 5M NTR- if exceeds Rs. 5M
Section 152 - Payment to Non-Resident		
Royalty or Fee for technical services	15%	FTR
In other case	10%	FTR
Contract for construction, assembly, installation projects, supervisory activities and advertisement services by TV satellite channel	7%	MTR
Payment of insurance or re-insurance premium	5%	MTR
Payment for advertisement services to media person	10%	MTR
Payment for foreign produced commercial for advertisements on any television channel or any other media	20%	FTR
Other payments to non-resident except payments covered under section 149, 150, 156 and 233.	20%	FTR
Sale of goods to companies	5%	MTR

Nature of Payment / Transaction	Standard Tax Rate	Tax Regime/Adjustable
Sale of goods to other persons	5.5%	MTR
Rendering of transport, freight forwarding, air cargo, courier, manpower, hotel, security guard, software development, IT, tracking, advertising (other than by print or electronic media), share register, engineering, car rental, building maintenance services and services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection and certification, testing and training services, Oilfield Services	4%	MTR
Rendering of Services:		MTR
• Company	9%	
• Other than company	11%	
Execution of Contract (other than for supply of goods & rendering of service):		MTR
• Sportsperson	10%	
• Other than sportsperson	8%	
Profit on debt paid to Individual	10%	FTR
Section 153 - Payments for Goods, Services and Contracts		
Sale of Goods:		
• Sale of rice, cotton seed or edible oil	1.5%	MTR
• Sale by distributors, dealers, sub dealers, wholesalers and retailers of FMCG goods, fertilizers, electronics excluding mobile phones, sugar, cement and edible oil	0.25%	MTR
• Sale by distributors of cigarettes	2.5%	MTR
• Sale by distributors of pharmaceutical products	1%	MTR
• Sale of gold, silver and such articles	1%	MTR
• Sale of any other goods excluding Toll Manufacturing:		
i. Company	5%	NTR
ii. Other than Company	5.5%	MTR
• Sale of Toll Manufacturing Goods:		
i. Company	9%	NTR
ii. Other than Company	11%	MTR

Nature of Payment / Transaction	Standard Tax Rate	Tax Regime/Adjustable
Rendering of Services: Rendering of transport, freight forwarding, air cargo, courier, manpower, hotel, security guard, software development, IT, IT enabled services, tracking, advertising (other than by print or electronic media), share register, engineering including architectural, warehousing, services rendered by asset management company, data services, telecommunication Infrastructure, car rental, building maintenance services and services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection and certification, testing and training services, Oilfield, telecommunication, collateral management, travel and tour, REIT management services, services rendered by National Clearing Company of Pakistan Limited.	4%	MTR
Other Services: <ul style="list-style-type: none"> • Company • Other than company • Payment to electric or printing media for advertisement service 	9% 11% 1.5%	
Execution of Contract (other than supply of goods & rendering of services):		
<ul style="list-style-type: none"> • Sportsperson 	10%	MTR
<ul style="list-style-type: none"> • Company 	7.5%	NTR
<ul style="list-style-type: none"> • Other case 	8%	MTR
Exporter or export house for rendering of service of stitching, dyeing, printing, embroidery, washing, sizing and weaving	1%	MTR

Income Tax Ordinance, 2001

Nature of Payment / Transaction	Standard Tax Rate	Tax Regime/Adjustable
Section 154 – Exports		
Export of goods	1%	Higher of: (i) MTR; or (ii) NTR; Plus 1% additional u/s 147 Adjustable
For sale proceeds of goods to exporter under back-to-back LC or any other arrangement		
Export processing zone		
Direct exporter and registered export house		
Collector of customs		
Section 154A - Export of Services		
Export of Computer software or IT services or IT Enabled services by persons registered with Pakistan Software Export Board	0.25% of proceeds	FTR
Any other case	1% of proceeds	FTR
Section 155 - Income from Property		
<ul style="list-style-type: none"> ● <i>In case of Individual and AOP</i> <ul style="list-style-type: none"> i. Where the gross amount of rent does not exceed Rs. 300,000 ii. Where the gross amount of rent exceeds Rs. 300,000 but does not exceed Rs. 600,000 iii. Where the gross amount of rent exceeds Rs. 600,000 but does not exceed Rs. 2,000,000 iv. Where the gross amount of rent exceeds Rs. 2,000,000 ● <i>In case of Company</i> 	<p>Nil</p> <p>5% of the gross amount exceeding Rs. 300,000</p> <p>Rs. 15,000 + 10% of the gross amount exceeding Rs. 600,000</p> <p>Rs. 155,000 + 25% of the gross amount exceeding Rs. 2,000,000</p> <p>15%</p>	<p>NTR</p> <p>NTR</p>
Section 156 - Prizes and Winnings		
Prize on prize bonds or crossword puzzle	15%	FTR
Prize on winning of the quiz, winning from raffle, lottery & prize offered by companies for promotion on sales	20%	FTR
Section 156A - Petroleum Products		
Payment of commission to petrol pump operators	12%	FTR

Nature of Payment / Transaction	Standard Tax Rate	Tax Regime/Adjustable
Section 231B - Advance Tax on Private Motor Vehicles		
Purchase of motor vehicle having engine capacity: <ul style="list-style-type: none"> • Up to 850CC • 851CC to 1000CC • 1001CC to 1300CC • 1301CC to 1600CC • 1601CC to 1800CC • 1801CC to 2000CC • 2001CC to 2500CC • 2501CC to 3000CC • Above 3000CC 	0.5% of the value 1% of the value 1.5% of the value 2% of the value 3% of the value 5% of the value 7% of the value 9% of the value 12% of the value	Adjustable
Leased Motor Vehicles	4% of the value of Motor Vehicle (Only in case of In-Active Taxpayers)	Adjustable
Transfer of registration or ownership of a private motor vehicle manufactured locally having engine capacity: <ul style="list-style-type: none"> • Up to 850CC • 851CC to 1000CC • 1001CC to 1300CC • 1301CC to 1600CC • 1601CC to 1800CC • 1801CC to 2000CC • 2001CC to 2500CC • 2501CC to 3000CC • Above 3000CC 	Nil Rs. 5,000 Rs. 7,500 Rs. 12,500 Rs. 18,750 Rs. 25,000 Rs. 37,500 Rs. 50,000 Rs. 62,500	Adjustable
Sale of locally manufactured motor vehicle prior to registration having engine capacity: <ul style="list-style-type: none"> • Up to 1000CC • 1001CC to 2000CC • 2001CC and Above 	Rs. 100,000 Rs. 200,000 Rs. 400,000	Adjustable
Section 233 - Brokerage and Commission		
Advertising agents	10%	MTR
All others	12%	MTR
Life Insurance Agents where commission received is less than Rs. 0.5 Million per annum	8%	MTR

Nature of Payment / Transaction	Standard Tax Rate	Tax Regime/Adjustable
Section 234 - Tax on Motor Vehicles		
In case of Non Air-Conditioned passenger transport vehicle having seating capacity of:		Adjustable
• 4 or more people but less than 10 person	Rs. 200 per Seat	
• 10 or more people but less than 20 person	Rs. 500 per Seat	
• 20 or more people	Rs. 1,000 per Seat	
In case of Air-Conditioned passenger transport vehicle having seating capacity of:		Adjustable
• 4 or more people but less than 10 person	Rs. 375 per Seat	
• 10 or more people but less than 20 person	Rs. 750 per Seat	
• 20 or more people	Rs. 1,500 per Seat	
Other motor car having engine capacity of:		Adjustable
• Up to 1000CC	Rs. 800	
• 1001CC to 1199CC	Rs. 1,500	
• 1200CC to 1299CC	Rs. 1,750	
• 1300CC to 1499CC	Rs. 2,500	
• 1500CC to 1599CC	Rs. 3,750	
• 1600CC to 1999CC	Rs. 4,500	
• 2000CC and above	Rs. 10,000	
Where the motor vehicle tax is collected in lump sum:		Adjustable
• Up to 1000CC	Rs. 10,000	
• 1001CC to 1199CC	Rs. 18,000	
• 1200CC to 1299CC	Rs. 20,000	
• 1300CC to 1499CC	Rs. 30,000	
• 1500CC to 1599CC	Rs. 45,000	
• 1600CC to 1999CC	Rs. 60,000	
• 2000CC and above	Rs. 120,000	
Section 235 - Electricity Consumption		
Where the amount of bill:		Adjustable – In case of companies <u>Other than company</u> MTR - up to bill amount Rs. 360,000 p/a Adjustable - bill amount exceeding Rs.30,000/month
• Does not exceed Rs. 500	Nil	
• Exceeds Rs. 500 but does not exceed Rs. 20,000	10% of Amount	
• Exceeds Rs. 20,000:		
• For Commercial Consumer	Rs. 1,950 + 12% exceeding Rs. 20,000	
• For Industrial Consumer	Rs. 1,950 + 5% exceeding Rs. 20,000	

Income Tax Ordinance, 2001

Nature of Payment / Transaction	Standard Tax Rate	Tax Regime/Adjustable
Domestic Electricity Consumption:		
Where the amount of bill		Adjustable
• Less than Rs. 25,000	Nil	
• Rs. 25,000 or more	7.5%	
Section 236 - Telephone and Internet Users		
Telephone subscriber where the monthly bill exceeds Rs. 1,000	10%	Adjustable
Subscriber of internet, mobile telephone and pre-paid internet or telephone cards	15% 75% in case of G.O. u/s 114B	Adjustable
Section 236A – Advance Tax at the Time of Sale by Auction		
Sale of any property or goods by auction	10%	Adjustable
Tax collected on the lease of the right to collect tolls	10%	Final
Sale of immovable property by auction	5%	Adjustable
Section 236C - Advance Tax on Sale or Transfer of Immovable Property		
Sale or transfer of immovable property		NTR
• Active Taxpayer	3%, 3.5%, 4%	
• Late Filer	6%, 7%, 8%	
• In-Active Taxpayer	10%	
Section 236CA – Advance Tax on TV plays and Advertisements		
Foreign-produced TV drama serial or play	Rs.1,000,000 per episode	MTR
Foreign-produced TV play (single episode)	Rs. 3,000,000	
Advertisement starring foreign actor	Rs.100,000 per second	
Section 236G - Advance Tax on Sales to Distributors, Dealers and Wholesalers		
• Fertilizers (Persons appearing in ATL)	0.25%	NTR
• Fertilizers (Persons not appearing in ATL)	0.7%	
• Other than Fertilizers (Persons appearing in ATL)	0.1%	
• Other than Fertilizers (Persons not appearing in ATL)	2%	

Income Tax Ordinance, 2001

Nature of Payment / Transaction	Standard Tax Rate	Tax Regime/ Adjustable
Section-236H Advance Tax on Sales to Retailers		
<ul style="list-style-type: none"> • Sales to retailers (Persons Appearing in ATL) • Sales to retailers (Persons not appearing in ATL) 	0.5% 2.5%	NTR
Section-236K Advance Tax on Purchase of Immovable Property		
Fair market value of immovable property		
<ul style="list-style-type: none"> • Active Taxpayer • Late Filers • In-Active Taxpayer 	3%, 3.5%, 4% 6%, 7%, 8% 12%, 16%, 20%	Adjustable
Section-236Y Advance Tax on Amount Remitted Abroad through Credit/ Debit/ Prepaid Cards		
Tax on Amount Remitted Abroad through Credit/ Debit/ Prepaid Cards	5% of the gross amount	Adjustable
Section-236Z Bonus Shares Issued by Companies		
Tax on Bonus Shares Issued by Companies	10% of the value of Bonus Shares including Bonus Shares Withheld	FTR

Notes:

- NTR = Normal Tax Regime, MTR = Minimum Tax Regime, FTR = Final Tax Regime
- For Inactive Taxpayers, withholding tax rate will be increased by 100% except under section 231B where withholding tax rate will be increased by 200%

Advance Tax on Sale of Immovable Property

(Section 236C, Division X, Part IV of First Schedule)

Sr. No.	Amount	Tax Rates		
		Tax Rate (for Active Taxpayers)	Tax Rate (for In-Active Taxpayers)	Tax Rate (for filers that have not filed ITR on or before due date)
1.	Where the gross amount of the consideration received does not exceed Rs. 50 million	3%	10%	6%
2.	Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million	3.5%		7%
3.	Where the gross amount of the consideration received exceeds Rs. 100 million	4%		8%

Income Tax Ordinance, 2001

Advance Tax on Purchase of Immovable Property

(Section 236K, Division XVII, Part IV of First Schedule)

Sr. No.	Amount	Tax Rates		
		Tax Rate (for Active Taxpayers)	Tax Rate (for In-Active Taxpayers)	Tax Rate (for filers that have not filed ITR on or before due date)
1.	Where the gross amount of the consideration received does not exceed Rs. 50 million	3%	12%	6%
2.	Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million	3.5%	16%	7%
3.	Where the gross amount of the consideration received exceeds Rs. 100 million	4%	20%	8%

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Sales Tax Withholding Rates

Sales Tax Act, 1990

Following withholding sales tax are applicable on goods and services in Federal /ICT.

FBR Sales Tax on Goods and Services/ICT

Description	Supplier Category	Rate or Extent of Deduction
Federal and provincial government departments, Autonomous bodies and Public sector organizations Companies as invoice defined in the Income Tax Ordinance, 2001 XLIX of 2001	Active Taxpayers	1/5th of the Sales Tax as Shown on invoice
Federal and provincial government departments, Autonomous bodies, and Public sector organizations Companies as defined in the Income Tax Ordinance, 2001 XLIX of 2001	Active Taxpayers registered as a wholesaler, dealer or distributor	1/10th of Sales Tax as shown on invoice
Federal and provincial Government departments; autonomous bodies and public sector organizations	Persons other than active taxpayers	Whole of the tax involved or as applicable to supplies on the basis of gross value of supplies
Companies as defined in the Income Tax Ordinance, 2001 XLIX of 2001 excluding companies exporting surgical instruments	Persons other than active taxpayers	5% of gross value of supplies
Registered persons as recipient of advertisement services	Person providing advertisement services	Whole of sales tax applicable
Registered persons purchasing cane molasses	Persons other than active taxpayers	Whole of sales tax applicable
Registered persons manufacturing lead batteries	Persons supplying any kind of lead under chapter 78 specified PCT Headings or scrap batteries under chapter 85 respective PCT headings	80% of the sales tax applicable
Online Market Place	Persons other than active taxpayers	1% of the gross value of supplies
Registered persons manufacturing cement	Persons Supplying any kind of gypsum or limestone flux under chapter 25 Specified PCT Headings	80% of the sales tax applicable
Registered person	Person supplying - Coal - Waste of paper and paper board - Plastic waste - Crush stone and silica	80% of the sales tax applicable

Exemptions

Supplies made by active taxpayer as defined in the Sales Tax Act 1990 to registered person except for advertisement services, cement, coal, wastepaper, paper board, plastic waste, crush stone and silica.

- Electrical energy
- Natural gas
- Petroleum products as supplied by petroleum production and exploration companies, oil refineries, oil marketing companies and dealer of motor spirit and high-speed diesel.
- Vegetable ghee and cooking oil
- Telecommunication services
- Goods specified in Third Schedule of the Sales Tax Act, 1990
- Supplies made by commercial importers who paid VAT at time of import
- Supply of sand, stone, gravel/crush and clay to low-cost housing schemes sponsored or approved by Naya Pakistan Housing and Development Authority

Sales Tax Act, 1990

Punjab Sales Tax on Services

Punjab Revenue Authority (PRA)

Sr. No.	Description	Percentage of Sales Tax to be Withheld
1.	Registered service providers, except companies, other than recipient of advertisement services	100%
2.	Unregistered service providers other than recipient of advertisement services	100%
3.	Advertisement services (Pakistan or abroad)	100%

Exemptions:

Registered companies providing services other than advertisement services are not required to withhold sales tax.

Sales Tax Act, 1990

Sindh Sales Tax on Services

Sindh Revenue Board (SRB)

Sr. No.	Description	Percentage of Sales Tax to be Withheld
1.	Registered service providers; <ul style="list-style-type: none"> • organizations which are funded out of budget grants of federal or provincial governments; and • Companies 	20%
2.	Registered service providers; <ul style="list-style-type: none"> • offices and departments of federal, provincial, local and district governments; • autonomous bodies; and • public sector organizations 	80%
3.	Registered service providers; <ul style="list-style-type: none"> • services of advertisement (other than advertisement in newspapers and periodicals); • auctioneers; • renting of immovable property • inter-city transportation • carriage of goods by road (other than carriage of goods through truck addas or through bus/wagon stands) 	100%
4.	Registered service providers; <ul style="list-style-type: none"> • services from insurance agents • services from cab aggregators 	100%
5.	Registered person's issued invoice doesn't show sales tax amount	100%
6.	Unregistered service providers	100%

Exemptions:

Registered service providers of telecommunication, banking company, financial institution, port operator, airport operator, terminal operator and airport ground services are not required to withhold sales tax.

Khyber Pakhtunkhwa Sales Tax on Services
Khyber Pakhtunkhwa Revenue Authority (KPRA)

Sr. No.	Withholding Agent	Criteria	Percentage of Sales Tax to be Withheld
1.	<p>For the purposes of this regulation all recipients of taxable services, falling in any of the following categories shall be withholding agents:</p> <ul style="list-style-type: none"> (i) All Federal Government Departments and offices (ii) Departments and Offices of the Ministry of Defense (iii) All other Federal government departments, i.e., PAK PWD, Pakistan Railways, Pakistan Post Office, Central Directorate of National Savings (iv) District Government Departments (v) All Provincial Govt Departments including District Government Departments (vi) Environmental Department of the Government (vii) All Divisional Engineers of the departments of irrigation, Public Health Engineering and Communication and Works (viii) All public sector organizations, institutes, corporations, universities, bodies, boards, projects, ventures, entities, enterprises, institutions, authorities of Federal, Provincial, District or Local Government (ix) Companies as defined under the sub-section (12) of section 2 	<p>Advertisement services Services provided by un-registered persons or inactive/non- active persons</p> <p>Services provided or rendered to Federal Provincial Government Departments on public sector institutions, organizations entities, and projects etc.</p> <p>Services provided in the province of Khyber Pakhtunkhwa by persons from outside the province if a such persons are not registered with the Authority.</p> <p>Services liable to tax under the Act at reduce rate (less than the standard rate of 15%).</p>	100%
2.		In all other cases	50%

Exemption:

The telecommunication services (excluding such services as are provided or received by telecom companies to or from each other) and such other services as may be specified by the authority conditionally, shall not be liable to withholding.

Sales Tax Act, 1990

Balochistan Sales Tax on Services

Balochistan Revenue Authority (BRA)

Sr. No.	Criteria	Percentage of Sales Tax to be Withheld
1	Registered persons receiving advertisement services (other than advertisement in newspapers and periodicals), auctioneers, renting of immovable property, intercity transport or carriage of goods by road, services from non-filers or unregistered persons or Persons not resident in Pakistan, services from registered person where invoice does not show sales	100%
2	A withholding agent other than a recipient of taxable services or a person receiving taxable services from non- filers	20%

Proviso:

Provided that a person shall be treated as withholding agent if a Person resident in Balochistan or person has a place of business in Balochistan.

Exemption:

The telecommunication, banking company, insurance company (other than a re-insurance company), financial institution, port operator, airport operator, terminal operator and airport ground services, shall not be liable to withholding.

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