

**WHAT THIS DOCUMENT AIMS AT?**

The purpose of this document is to summarize activity-wise rates and treatment of withholding income tax, taking into account the amendments vide the Finance Act, 2019 (the Act). The information summarized herein is general and based on our interpretation of the Income Tax Ordinance, 2001 and significant amendments thereto vide the Act becoming effective from July 01, 2019 – i.e. for the Tax Year 2020. This information does not constitute any opinion or advice and may also not be acceptable to taxation authorities in any particular case. Tax laws are subject to change from time to time and we do neither warrant at any time the currency of the above details nor accept any responsibility to update the same.

**SALARY | Sec 149, Div I Part I 1<sup>st</sup> Schedule**

Taxable Income		Rate of Tax	
From	To		
Up to 600,000		0%	
600,000	1,200,000	5% on amount exceeding Rs. 600,000	
1,200,001	1,800,000	30,000	10% on amount > Rs.1.2M
1,800,001	2,500,000	90,000	15% on amount > Rs.1.8M
2,500,001	3,500,000	195,000	17.5% on amount > Rs.2.5M
3,500,001	5,000,000	370,000	20% on amount > Rs.3.5M
5,000,001	8,000,000	670,000	22.5% on amount > Rs.5M
8,000,001	12,000,000	1,345,000	25% on amount > Rs.8M
12,000,001	30,000,000	2,345,000	27.5% on amount > Rs.12M
30,000,001	50,000,000	7,295,000	30% on amount > Rs.30M
50,000,001	75,000,000	13,295,000	32.5% on amount > Rs.50M
Above 75,000,000	21,420,000		35% on amount > Rs.75M

**Detailed Handout on TAXATION OF SALARY** is available for download at [https://tagm.co/pd/Update-Salary\(TY-2020\).pdf](https://tagm.co/pd/Update-Salary(TY-2020).pdf)

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	

**IMPORTS | Section 148 & Part II First Schedule**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Industrial undertakings importing remeltable steel & directly reduced iron for own use			<b>Advance Tax:</b> raw material or plant & machinery imported by industrial undertakings for own use;
Persons importing potassic fertilizers under ECC's decision ECC-155/12/2004 dt. 9 Dec 2004			imports by large import houses;
Persons importing urea	1%	2%	motor vehicles in CBU condition imported by manufacturers of motor vehicles
Manufacturers (importing items covered under SRO 1125(I)/2011 dt. 31 Dec 2011)			Foreign produced film for screening & viewing purposes
Persons importing gold			<b>Minimum Tax:</b> Goods sold same condition they were imported
Persons importing cotton			Edible Oil
Persons importing LNG on behalf of Govt. of Pakistan			Packing Material
Persons importing Pulses	2%	4%	plastic raw material (PCT heading 39.01 to 39.12), packing material & edible oil
Industrial undertakings importing plastic raw material (PCT 39.01 to 39.12)	1.75%	3.5%	
Commercial importers importing plastic raw material (PCT 39.01 to 39.12)	4.5%	9%	
Commercial imports covered under S.R.O. 1125(I)/2011 dt. 31 Dec 2011	3%	6%	
Persons importing coal			
Persons importing finished pharma products, not manufactured locally as certified by the DRAP	4%	8%	
Ship breakers on import of ships	4.5%	9%	
Companies & industrial undertakings not covered above	5.5%	11%	
Others	6%	12%	

**DIVIDEND | S 150, 236S, Div. I Pt III 1<sup>st</sup> Sch. & Cl. 11B Part IV 2<sup>nd</sup> Sch.**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Dividend from Independent Power Purchasers, being a pass-through item under Implementation/ Power/ Energy Purch. Agreement, required to be reimbursed by CPPA-G	7.5%	15%	
Dividend if no tax is payable by the Co. due to exemption, c/f loss, tax credits	25%	50%	<b>Final Tax</b>
Other cases, including mutual funds & repatriation of after-tax profits by branches of foreign companies	15%	30%	
Inter-corp. divid. under group taxation	Not Applicable		

**INVESTMENT IN SUKUKS | Sec. 150A, Div. IB Pt III 1<sup>st</sup> Sch.**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Received by Company	15%	30%	<b>Adv. Tax</b>
Received by individuals or AOPs and the profit is above Rs. 1M	12.5%	25%	<b>Final Tax</b>
Received by individuals or AOPs and the profit is up to Rs. 1M	10%	20%	

**PROFIT ON DEBT | Section 151, Div. IA Part III 1<sup>st</sup> Sch.**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Where yield is up to Rs. 500,000		10%	
Where yield is above Rs. 500,000	15%	30%	<b>Final Tax</b>

**PAYMENTS TO NON-RESIDENTS | S152, Div. IV Pt. I, Div. II Pt. III 1<sup>st</sup> Sch.**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Royalty or fee for technical services	15%	15%	
Fee for offshore digital services	5%	10%	
Contracts or related services	7%	14%	<b>Minimum Tax</b>
Insurance or re-insurance premium	5%	5%	
Advertisement services	10%	20%	
Execution of contract by sportspersons	10%	20%	
Other payments	20%	20%	

**PAYMENTS TO PE OF NON-RESIDENTS | S 152, Div. II Pt III 1<sup>st</sup> Sch.**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
For supplies by PE of N/R Companies	4%	8%	
For supplies by PE of other N/Resid.	4.5%	9%	
For services by PE of N/R Companies	8%	16%	<b>Minimum Tax</b>
For services by PE of other N/Resid.	10%	20%	
For transport services	2%	4%	
For other contracts	7%	14%	

**PAYMENT FOR FOREIGN PRODUCED COMMERCIALS | Section 152A**

Activity/ Nature of Payment	Tax Rate	Nature of Tax
Foreign produced commercials	20%	<b>Final Tax</b>

**SUPPLY OF GOODS | S153(1)(a), Div. III Pt III 1<sup>st</sup> Sch., Cl 24A, 24C P II 2<sup>nd</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Sale of rice, cottonseed oil & edible oil	1.5%	3%	<b>Advance Tax</b> for Listed companies and Companies Engaged in Manufacturing.
Sale of cigarettes & pharma products by distributors & Large Import Houses	1%	2%	
Sale of sugar, cement & edible oil by dealers & sub-dealers	0.25%	0.5%	
Sale by Corporate FMCG distributors	2%	4%	
Sale of goods by other (non-corporate) FMCG distributors	2.5%	5%	<b>Minimum Tax</b> for other cases.
Sale of other goods by companies	4%	8%	
Sale of other goods by AOPs & Ind.	4.5%	9%	

**Note:** No tax to be withheld in case of (a) where aggregate annual payment is below Rs 75,000- (b) yarn sold by traders to taxpayers specified in the sales tax zero-rated regime as per Clause (45A) of Pt IV of 2<sup>nd</sup> Sched. AND (c) purchase of asset under lease & buy back agreement by modarabas, leasing/ banking companies or financial institutions.

**Activity/ Nature of Payment**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
<b>PAYMENTS FOR SERVICES   S 153(1)(b), 153(2), Div. III &amp; Div IV P III 1<sup>st</sup> Sch.</b>			
Advertising services (elec. & print media)	1.5%	3%	
Transport, Freight forwarding, Air cargo services, Courier, Manpower outsourcing, Hotel, Security guard, Software development, IT and IT enabled services [as defined u/c (133) of Pt I of 2 <sup>nd</sup> Sch.], Tracking services, Advertising (other than by print or electronic media), Share registrar services, Engineering services, Car rental, Building maintenance, Services of PSX & PMEL, Inspection, Certification, Testing & Training services			<b>Minimum Tax</b>
Companies providing other services	8%	16%	
AOPs & Ind. providing other services	10%	20%	
Stitching, dyeing, printing, embroidery, washing, sizing & weaving for Exporters	1%	2%	

**EXECUTION OF CONTRACTS | Sec 153(1)(c), Div III Pt III 1<sup>st</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Received by Listed Companies	7%	14%	<b>Adv. Tax</b>
Received by Other Companies			<b>Minimum Tax</b>
Received by sportspersons	10%	20%	
Received by others	7.5%	15%	

**ROYALTY TO RESIDENT PERSONS | Sec 153B, Div. IIIB Pt III 1<sup>st</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Gross amount of royalty	15%	30%	<b>Adv. Tax</b>

**EXPORTS | Sec 154, Div IV Pt III 1<sup>st</sup> Sch, Cl 47C Pt IV 2<sup>nd</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Realization of export proceeds [Exemption to cooking oil or vegetable ghee exported to Afghanistan if tax u/s 148 is paid]			<b>Final Tax</b>
Inland back-to-back LC by exporter on sale of goods under an arrangement prescribed by FBR		1%	<b>Minimum Tax</b>
Export of goods by EPZ units			<b>Regime</b> at the time of filing of return
Payment for a firm contract by direct exporters reg. under DTRE Rules, 2001, to indirect exporters			
Realization of proceeds on account of commission to indenting agent		5%	

**PROPERTY INCOME/ RENTALS | Sec 155, Div V Pt III 1<sup>st</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Where recipient is a company		15%	<b>Adv. Tax</b>
Other recipients			<b>Advance Tax</b>
<b>Annual Rent (Rs.)</b>		<b>Tax</b>	
From	To		
Up to 200,000		NIL	
200,001	600,000	5% of the amount exceeding 200,000	
600,001	1,000,000	20,000 + 10% of the amount above 0.6M	
1,000,001	2,000,000	60,000 + 15% of the amount above 1M	
2,000,001	4,000,000	210,000 + 20% of the amount above 2M	
4,000,001	6,000,000	610,000 + 25% of the amount above 4M	
6,000,001	8,000,000	1,110,000 + 30% of the amount above 6M	
Above 8,000,000		1,710,000 + 35% of the amount above 8M	

**PRIZES AND WINNINGS | Sec 156, Div VI Pt III 1<sup>st</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
On prize bonds & crossword puzzle	15%	30%	<b>Final Tax</b>
Raffle, lottery, winning quiz & prizes on sales promotion schemes	20%	40%	

**PETROLEUM PRODUCTS | Sec 156A, Div VIA Pt III 1<sup>st</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Commission/ discount to petrol pump operators on petroleum products	12%	24%	<b>Final Tax</b>

**WITHDRAWAL OF BALANCE UNDER PENSION FUND | Sec 156B**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Withdrawal before retirement age		Lower of 3 past years' ART or current ART	<b>Final Tax</b>
Withdrawal in excess of 50% balance at or after retirement age			

**CASH WITHDRAWALS FROM BANKS | S 231A, Div VI P IV 1<sup>st</sup> Sch, Cl 26B P II 2<sup>nd</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
By licensed Exchange companies		0.15%	<b>Adv. Tax</b>
From PKR accounts against foreign remittances credited in such accounts		Not Applicable (N/A)	
Other cases, if total withdrawal from all accounts is Rs.50K+ in a day	N/A	0.6%	<b>Advance Tax</b>

**TRANSACTIONS IN BANK | Sec 231AA, Div VIA Pt IV 1<sup>st</sup> Sch**

Activity/ Nature of Payment	Tax Rate	Nature of Tax
All payment transactions	N/A	0.6% <b>Adv. Tax</b>

**TAX ON MOTOR VEHICLES | S 231B&234, Div VII, Div III Pt IV 1<sup>st</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Purchase/ transfer of motor vehicles	Based on Eng. Cap.		<b>Advance Tax</b>
Leasing on Vehicle (based on value)	N/A	4%	<b>Tax</b>

**BROKERAGE & COMMISSION | Sec 233, Div II Pt IV 1<sup>st</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Advertising commission	10%	20%	<b>Minimum Tax</b>
Life Insur. Comm. up to Rs. 0.5M p.a.	8%	16%	
Others	12%	24%	

**TAX COLLECTION BY NCCPL FROM STOCK EXCHANGE MEMBERS**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
On financing of COT, margin financing, margin trading or securities lending		10%	<b>Advance Tax</b>

**CNG STATIONS | Sec 234A, Div VIB Pt III 1<sup>st</sup> Sch**

Activity/ Nature of Payment	Tax Rate	Nature of Tax
On the amount of gas bill	4%	<b>Min. Tax</b>

**ELECTRICITY CONSUMPTION | S235, Div IV P IV 1<sup>st</sup> Sch, Cl 66 P IV 2<sup>nd</sup> Sch**

Activity/ Nature of Payment	Tax Rate	Nature of Tax
Electricity bill of commercial or industrial consumers   Exporters-cum-manufacturers are exempt from this collection	Various rates	<b>Min. Tax</b> for AOPs & Ind. for Bill Amt. up to Rs. 360K <b>Adv. Tax</b> for other cases

**DOMESTIC ELECTRICITY CONSUMP. | S 235A, Div IX P IV 1<sup>st</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Monthly bill is below Rs. 75,000		0%	<b>Advance Tax</b>
Monthly bill is Rs. 75,000 and above		7.5%	<b>Tax</b>

**TAX ON STEEL MELTERS, ETC. | Sec 235B, Sec 153(1)**

Activity/ Nature of Payment	Tax Rate	Nature of Tax
Electricity consumed for producing steel billets, ingots & MS products, excluding stainless steel, by steel melters & Composite Steel Units (Registered for Ch XI of Sales Tax Special Procedure Rules, 2007)	Rs. 1 per unit of electricity consumed	<b>Non Adjustable Tax</b>

**TELEPHONE USERS | Sec 236, Div V Pt IV 1<sup>st</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Mobile phone bills & prepaid cards		12.5%	<b>Advance Tax</b>
Landline bills exceeding Rs. 1,000		10%	
Postpaid internet & prepaid net cards		12.5%	

**SALE BY AUCTION | Sec 236A, Div VIII Pt IV 1<sup>st</sup> Sch**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
Sale of property, goods or lease of right by public auction or tender	10%	20%	<b>Advance Tax</b>
Sale of lease of the right to collect tolls			<b>Final Tax</b>

**Activity/ Nature of Payment**

Activity/ Nature of Payment	Tax Rate		Nature of Tax
	filer	Non-Filer	
<b>DOMESTIC AIR TICKETS   Sec 236B, Div IX Part IV 1<sup>st</sup> Sch</b>			
On routes for Baluchistan coastal belt, AJ&K, FATA, Gilgit-Baltistan & Chitral			Not Applicable
Other routes		5%	<b>Adv. Tax</b>

**SALE/ TRANSFER OF IMMOVABLE PROPERTY | S236C, Div X PIV 1<sup>st</sup> Sch**

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