Applicable July 01, 2019 to June 30, 2020 as updated vide the Finance Act, 2019

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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 1st Schedule						
Taxable Income				Rate of Tax			
	From	То	Rate of Tax				
	Up to 6	00,000			0%		
	600,000	1,200,000	5% on	amo	ount 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	S	22.5% on amount > Rs.5M		
	8,000,001	12,000,000	1,345,000	굽	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		

Detailed Handout on TAXATION OF SALARY is available for download at https://tagm.co/pdf/Upda

Activity/ Nature of Payment	Tax Rate		Nature of
round, radare of raymone	Filer	Non-Filer	Tax
NIDODTO LO VILLO DO VILEI			
IMPORTS Section 148 & Part II First	Schedu	le	
Industrial undertakings importing remeltable steel & directly reduced iron for own use Persons importing potassic fertilizers under ECC's decision ECC- 155/1/2/2004 dt. 9 Dec 2004	-		- raw material or plant & machinery imported by industrial undertakings for own use;
Persons importing urea	1%	2%	- imports by
Manufacturers (importing items covered under SRO 1125(I)/2011 dt. 31 Dec' 2011)			large Import houses; - motor vehicle
Persons importing gold			in CBU condition imported by
Persons importing cotton	_		
Persons importing LNG on behalf of Govt. of Pakistan			manufacturer of motor vehicles
Persons importing Pulses	2%	4%	- Foreign
Industrial undertakings importing plastic raw material (PCT 39.01 to 39.12)	1.75%	3.5%	produced film for screening & viewing
Commercial importers importing plastic raw material (PCT 39.01 to 39.12)	4.5%	9%	purposes Minimum Tax:
Commercial imports covered under S.R.O. 1125(I)/2011 dt. 31 Dec 2011	3%	6%	 Goods sold same condition the
Persons importing coal			were imported
Persons importing finished pharma products, not manufactured locally as certified by the DRAP	4%	8%	 Edible Oil Packing Material plastic raw material (PC)
Ship breakers on import of ships	4.5%	9%	heading 39.0
Companies & industrial undertakings not covered above	5.5%	11%	to 39.12), packing material &
Others	6%	12%	edible oil

DIVIDEND S 150, 236S, Div. I Pt III 1st Sch	. & Cl. 11	B Part IV 2	2nd Sch.
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%	Final Tax
Dividend if no tax is payable by the Co. due to exemption, c/f loss, tax credits	25%	50%	rinai i ax
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. 1504	A, DIV. IE	8 Pt III 1°	Sch.
Received by Company	15%	30%	Adv. Tax
Received by individuals or AOPs and the profit is above Rs. 1M	12.5%	25%	Final Tax
Received by individuals or AOPs and the profit is up to Rs. 1M	10%	20%	FIIIAI I AX
•			

PROFIT ON DEBT Section 151, Div. IA Part III 1st Sch.					
Where yield is up to Rs. 500,000	10)%	Final Tax		
Where yield is above Rs. 500,000	15%	30%	FIIIdI I dX		

PAYMENTS TO NON-RESIDENTS \$152,	Div. IV Pt	. I, Div. II I	Pt. III 1st Sch.
Royalty or fee for technical services	15%	15%	
Fee for offshore digital services	5%	10%	
Contracts or related services	7%	14%	
Insurance or re-insurance premium	5%	5%	Minimum Tax
Advertisement services	10%	20%	Iax
Execution of contract by sportspersons	10%	20%	
Other payments	20%	20%	

PAYMENTS TO PE OF NON-RESIDENTS	S 152,	Div. II Pt	III 1 st Sch.
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%	Minimum
For services by PE of other N/Resid.	10%	20%	Tax
For transport services	2%	4%	
For other contracts	7%	1/1%	1

PAYMENT FOR FOREIGN PRODUCED C	OMMERCIALS S	ection 152A
Foreign produced commercials	20%	Final Tax

SUPPLY OF GOODS S153(1)(a), Div. III P III 1	st Sch, Cl .	24A, 24C P	Il 2 nd Sch
Sale of rice, cottonseed oil & edible oil	1.5%	3%	Advance
Sale of cigarettes & pharma products by distributors & Large Import Houses	1%	2%	Tax for Listed companies
Sale of sugar, cement & edible oil by dealers & sub-dealers	0.25%	0.5%	and Companies
Sale by Corporate FMCG distributors	2%	4%	Engaged in Manu-
Sale of goods by other (non-corporate) FMCG distributors	2.5%	5%	facturing. Minimum
Sale of other goods by companies	4%	8%	Tax for other
Sale of other goods by AOPs & Ind.	4.5%	9%	cases.
Note: No tax to be withheld in case of (a) where ag 75,000'- (b) yarn sold by traders to taxpayers specified per Clause (45A) of Pt IV of 2 nd Sched. AND (c) purcl agreement by modarabas, leasing/ banking compani	ed in the sa	iles tax zero set under le	o-rated regime as ease & buy back

Activity/ Nature of Payment	Tax Rate		Nature of	
Activity/ Nature of Payment	Filer	Non-Filer	Tax	
DAVMENTS FOR SERVICES LO 450(4)(4)	50(0) Div	## 0 Div ##	D. III. del Oak	
PAYMENTS FOR SERVICES \$ 153(1)(b), 1 Advertising services (elec. & print media)	1.5%	3%	P III 1™ Sch.	
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 1 of 2 nd 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,	3%	6%	Minimum Tax	

AOPs & Ind. providing other services	10%	20%		
Stitching, dying, printing, embroidery,	1%	2%		
washing, sizing & weaving for Exporters	.,,	-/-		
Note: No tax to be withheld for payments in case where payments made against services rendered is less than Rs. 30,000/- in aggregate, during a financial year.				
EXECUTION OF CONTRACTS Sec 15	3(1)(c), Di	v III Pt III	1st Sch	
Received by Listed Companies	7%	14%	Adv. Tax	
Received by Other Companies	170	1470	Minimum	
Received by sportspersons	10%	20%	Tax	
Received by others	7.5%	15%	IdX	

Testing & Training services

Companies providing other services

Gross amount of royalty

EXPORTS Sec 154, Div IV Pt III 1st Sch, Cl 47C Pt IV 2nd Sch				
Realization of export proceeds [Exemption to cooking oil or vegetable ghee exported to Afghanistan if tax u/s 148 is paid] Inland back-to-back LC by exporter on sale of goods under an arrangement prescribed by FBR	1%	Final Tax Exporters may opt for Minimum		
Export of goods by EPZ units		Tax		
Payment for a firm contract by direct exporters reg. under DTRE Rules, 2001, to indirect exporters		Regime at the time of filing of		
Realization of proceeds on account of commission to indenting agent	5%	return		

15% 30% Adv. Tax

Where recipient is a company 15% Adv. Tax				Adv. Tax
Other recipients Advance Tax				
Annual Rent (Rs.)				
From	To	Tax		
Up to 2	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 + 159	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 st Sch	
On prize bonds & crossword puzzle	15%	30%	
Raffle, lottery, winning quiz & prizes on sales promotion schemes	20%	40%	Final Tax

PETROLEUM PRODUCTS Sec 156A,	Div VIA	Pt III 1 st S	ch
Commission/ discount to petrol pump operators on petroleum products	12%	24%	Final Tax
WITHDRAWAL OF BALANCE UNDER	PENSIC	ON FUNE) Sec 156B
Withdrawal before retirement age	Lower c	of 3 past	
Withdrawal in excess of 50% balance	years'.	ART or	Final Tax

at or after retirement age		nt ART	I mai rax
CASH WITHDRAWALS FROM BANKS \$ 231)	A, Div VI P II	/ 1 st Sch, Cl .	28B P II 2 nd Sch
By licensed Exchange companies	0.1	5%	Adv. Tax
From PKR accounts against foreign remittances credited in such accounts	Not	ole (N/A)	
Other cases, if total withdrawal from all accounts is Rs.50K+ in a day	N/A	0.6%	Advance Tax

TRANSACTIONS IN BANK Sec 231A	4, Div VI)	4 <i>Pt IV 1</i> °	Sch
All payment transactions	N/A	0.6%	Adv. Tax
TAX ON MOTOR VEHICLES S 231B&2	234, Div V	II, Div III P	t IV 1 st Sch
Purchase/ transfer of motor vehicles	Based on	Eng. Cap.	Advance
Leasing on Vehicle (based on value)	N/A	4%	Tax

Leasing on vehicle (based on value)	IN/A	470	Iax
BROKERAGE & COMMISSION Sec 2	33, Div II	Pt IV 1st	Sch
Advertising commission	10%	20%	Minimum
Life Insur. Comm. up to Rs. 0.5M p.a.	8%	16%	Tax
Othoro	4.20/	2.40/	Iax

On financing of COT, margin financing, margin trading or securities lending $V_{IV} = V_{IV} = V_{IV}$	TAX COLLECTION BY NCCPL	FROM ST	OCK EXCHANGE	MEMBERS
	financing, margin trading or	233AA, Div IIB Pt	10%	

CNG STATIONS Sec 234A, Div VIB Pt III 1st Sch				
On the amount of gas bill	4%	Min. Tax		

Electricity bill of commercial or industrial consumers Exporters-cummanufacturers are exempt from this collection Min. Tax for AOPs & Ind. for Bill Amt. up to Rs. 360K Adv. Tax for AOPs & Ind. for Bill Amt. up to Rs. 360K Adv. Tax for AOPs & Ind. for Bill Amt. up to Rs. 360K	ELECTRICITY CONSUMPTION S235, Div	dV P IV 1st Sch, Cl 6	66 P IV 2nd Sch
	industrial consumers Exporters-cum- manufacturers are exempt from this	Various rates	AOPs & Ind. for Bill Amt. up to Rs. 360K Adv. Tax for

K PIV 1 st Sch	. <i>S 235A, DivXIX</i>	DOMESTIC ELECTRICITY CONSUMP
Advance	0%	Monthly bill is below Rs. 75,000
Tax	7.5%	Monthly bill is Rs. 75,000 and above
	7.5%	Monthly bill is Rs. 75,000 and above

TAX ON STEEL MELTERS, ETC. Sec 235B, Sec 153(1)				
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	Non Adjust- able Tax		
TELEPHONE USERS Sec 236, Div V I	Pt IV 1 st Sch			
Mobile phone bills & prepaid cards	12.5%	Advance		
Landline bills exceeding Rs. 1,000	10%	Tax		
Postpaid internet & prepaid net cards	12.5%	Iax		

SALE BY AUCTION Sec 236A, Div VIII F	Pt IV 1st S	ch	
Sale of property, goods or lease of right by public auction or tender	10%	20%	Advance Tax
Sale of lease of the right to collect tolls			Final Tax

Tax Rate Nature of					
Activity/ Nature of	ctivity/ Nature of Payment		Non-Filer	Tax	
	Filer Non-File		NOII-FIIEI	Тах	
DOMESTIC AIR TICKETS Sec 236B, Div IX Part IV 1st Sch					
On routes for Baluchista AJ&K, FATA, Gilgit-Balti				licable	
Other routes			5%	Adv. Tax	
SALE/ TRANSFER OF IM	MOVABLE PROPI	ERTY 8	8236C, DvX	PIV 1st Sch	
To be collected from Seller/ Transferor,	Up to 5 Years	1	1%	Advance	
where Holding Period is:	Above 5 Years	Not Ap	plicable	Tax	

Functions of marriage (in Islamabad, Lahore, Multan, Faisalabad, Rawalpindi Gujranwala, Bahawalpur, Sargodha, Sahiwal, Sheikhupura, Dera Ghazi Khan, Karachi, Hyderabad, Sukkur, Thattal, Larkana, Mirpur Khas, Nawabshah, Peshawar, Mardan, Abottabad, Kohat, Dera Ismail Khan, Quetta, Sibi, Loralai, Khuzdar, Dera Murad Jamali and Turbati)	Higher of 5% of bill ad-valorem or Rs.20,000	Advance Tax
Functions of marriage in other cities	Higher of 5% of bill ad-valorem or Rs.10,000	
Other functions	5% of Bill	

CABLE OPERATORS & OTHERS \$236	SF & DivXIII PIV 1°	Sch
From IPTV, FM Radio, MMDS, Mobile TV, Mobile Audio, Satellite TV Channel and Landing Rights	20% of the permission fee or renewal fee	
From cable operators	Various Rates	Advance Tax
From TV channels for screening/ viewing Foreign TV Drama serial/ plays in any non-English language	50% of the permission fee or renewal fee	iax

ı	TAX ON SALES TO DISTRIBUTORS, D	EALERS	& WHO	LESALERS
	BY MANUFACTURERS & COMMERCIA	L IMPOR	RTERS	Sec 236G,
ı	Div XIV Pt IV 1st Sch			
ſ	On sale of fertilizers	0.7%	1.4%	

DIV XIV I LIV I SCII			
On sale of fertilizers	0.7%	1.4%	
On sale of electronics, sugar, cement, iron & steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint, batteries or foam	0.1%	0.2%	Advance Tax

TAX ON SALES TO RETAILERS & WHOLESALERS BY MANUFACTURERS, DISTRIBUTORS, DEALERS, WHOLESALERS & COMMERCIAL IMPORTERS | Sec 236H, Div XV Pt IV 1° Sch 1% 2% On sale of electronics

	On sale of sugar, cement, iron & steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint, batteries or foam	0.5%	1%	Advance Tax
TAX ON SALES OF PETROLEUM PRODUCTS S 236HA, DivXVA				

On supply of petroleum products to a

per el perior el element.					
COLLECTION OF TAX BY EDUCATIONAL INSTITUTIONS WHERE					
FEE EXCEEDS RS. 200,000/- Sec 236I, Div XVI Pt IV 1st Sch					
From regidents	E9/ of	F	A -I		

0.5% 1% Advance

From residents	5% of Fee	Advance			
From non-residents	Not Applicable	Tax			
TAX ON DEALERS, COMMISSION AGENTS & ARHATIS ON					

ISSUANCE/ RENEWAL OF LICENSE Sec 236J, Div XVII Pt IV 1st Sch				
Group/ Class A	Rs. 100,000 p.a.			
Group/ Class B	Rs. 75,000 p.a.	Advance		
Group/ Class C	Rs. 50,000 p.a.	Tax		
Any other category	KS. 50,000 p.a.			

PURCHASE OF IMMOVABLE PROPERTY S236K, DivXVIII Pt IV 1st Sch				
On fair market value	1%	2%	Adv. Tax	

INTERNATIONAL AIR TICKETS Sec 236L, Div XX Pt IV 1st Sch				
First/ executive class	Rs.16,000	Adv. Tax		
Others, excluding economy	Rs.12,000	Adv. Tax		
Economy	NIL			

1 ST Sch	360 20	OF, DIV I	WIFLIV
Non-cash payment transactions (all types)	N/A	0.6%	Adv. Tax

RENT OR PAYMENT FOR RIGHT TO USE MACHINERY & EQUIPMENT S 236Q, Div XXIII Pt IV 15T Sch		
To be collected for industrial, commercial and scientific equipment &	10%	Final Tax
machinery		

WHT deduction shall not be applicable in the following cases:

Agricultural machinery; and
 Machinery owned and leased by leasing companies, invest modarabas, scheduled banks or DFIs

EDUCATION RELATED EXPENSES RE Sec 236R, Div XXIV Pt IV 1st Sch	MITTED ABROA	D I
Remittance of tuition fee, boarding &		
lodging expenses, payments for distant	5%	Advanc
learning programs and any other	3/0	Tax

expense related to foreign education

INSURANCE PREMIUM Sec 236U, DivX	XV Pt IV	1 st Sch	
General insurance premium	N/A	4%	Advance
Life insurance premium above Rs. 0.3M	N/A	1%	Tax

EXTRACTION OF MINERALS Sec 236V, Div XXVI Pt IV 1st Sch			
To be collected by provincial revenue authority/ board on value of minerals extracted, produced, dispatched & carried away from licensed or leased	N/A	5%	Advance Tax

areas of mines		
PURCHASE OF TOBACCO Section 23	6X	
To be collected by Pakistan Tobacco Board or its contractor on value of tobacco purchased by a person, including manufacturers of cigarettes	5%	Advance Tax

REMITTANCE ABROAD THROUGH CREDIT, DEBIT (OR PREPAID
CARDS Sec 236Y, Division XVXVII Pt IV 1st Sch	

Gross amount remitted to abroad 1% 2% Adv. Tax

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