

RATES FOR WITHHOLDING (INCOME) TAX | TAX YEAR 2025 | PROPOSED

Applicable from July 01, 2024 to June 30, 2025 | As proposed vide the Finance Bill, 2024

WHAT THIS DOCUMENT AIMS AT?

This document aims to summarize the tax law on withholding tax and treatment thereof, taking into account the proposed amendments vide the Finance Bill, 2024. If approved, these tax rates & treatments are to be effective from July 01, 2024, i.e., for the Tax Year 2025. The information summarized herein is general and based on our interpretation of law. This information does not constitute any opinion or advice and may also not be acceptable to taxation authorities in a 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.

IMPORTS | Sec 148 & Part II First Schedule

Table with columns: Activity, Importer Category, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Imports of Goods as per Part I of the Twelfth Schedule, Part II, Part III, SRO 1125(I)/2011, medicines, CKD Kits, etc.

IMPORT OF MOBILE PHONES | Sec 148 & Part II of First Sch.

Table with columns: C&F Value (USD), CBU, CKD/ SKD, Nature of Tax. Rows include Up to 30, except smartphone, From 31 to 100, etc.

Note: Advance tax is to be increased by 100% for non-filers

SALARY | Sec 149, Div. I Part I First Schedule

Table with columns: Taxable Income (From, To), Rate of Tax. Rows show tax rates for income brackets from 600,000 to above 4,100,000.

Rate of advance tax deductible is 20% on directorship fee or fee for attending board meetings

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Dividend, Interest, etc.

DIVIDEND | Sec 150, Div. I Pt. III 1st Sch. & Cl. 18C Pt. II & Cl. 11B Pt. IV 2nd Sch.

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Dividend paid by IPPs, Dividend attributable to income from biomass, etc.

PROFIT ON DEBT | Sec 151, Div. IA Pt. III 1st Sch./ Cl. 5AB Pt. II 2nd Sch.

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Received by Company, Received by AOP/individual, etc.

INVESTMENTS IN SUKUKS | Sec 151, Div. IB Pt. III 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Returns received by Companies, Returns rec. by AOPs/Individuals, etc.

PAYMENTS TO NON-RESIDENTS | Sec 152, Div. IV Pt. I, Div. II Pt. III 1st Sch. & Cl. 5A, 5AA, 5AC Pt. II 2nd Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Royalty/fees for technical services, Fee for offshore digital services, etc.

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Individuals receiving profit on Govt. Securities, Profit on FCYAs or COIs under SBP's FC Account Scheme, etc.

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include For Goods supplied, For services rendered, Contract by sports persons, etc.

SUPPLY OF GOODS INCLUDING TOLL MANUFACTURING | Sec 153(1)(a), Div. III Pt. III 1st Sch., Cl. 24A, 24C, 31, 45A Pt. II 2nd Sch.

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Sale of rice, cotton seed or edible oil, Sale of cigarettes by distributors, etc.

Note | Tax to be withheld in case of: (a) where aggregate annual payment is below Rs.75,000 (b) purchase of an asset under lease & buy back agreement by Banks and Non-banking Finance Companies.

PAYMENTS FOR SERVICES | Sec 153(1)(b), 153(2), Div. III & Div. IV Pt. III 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Transport | Freight forwarding | Air cargo services, Hotel services | Security guard | Software development, etc.

EXECUTION OF CONTRACTS | Sec 153(1)(c), Div III Pt III 1st Sch.

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Executed for Listed Companies, Executed for Other Companies, etc.

EXPORTS | Sec 154 Div. IV Pt. III 1st Sch., Cl. 47C Pt. IV 2nd Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Realization of export proceeds, Goods sold per inland back-to-back LC, etc.

EXPORT OF SERVICES | Sec 154A IVA Pt. III 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Software, IT or IT-enabled services by PSEB registered taxpayers, etc.

RENT OF IMMOVABLE PROPERTY | Sec 155, Div. V Pt. III 1st Sch.

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Annual Rent (Rs.), Tax. Rows include Up to 300,000, 300,001 to 600,000, etc.

PRIZES AND WINNINGS | Sec 156, Div. VI Pt. III 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include On a prize bond or crossword puzzle, Raffle, lottery, etc.

PETROLEUM PRODUCTS | Sec 156A, Div. VIA Pt. III 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Row include Commission amount / discount allowed to a petrol pump operator.

CASH WITHDRAWAL | Sec 231AB

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Row include Cash withdrawal exceeding Rs. 50,000.

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include TAX ON MOTOR VEHICLES | Sec 231B Div. VII Pt. IV 1st Schedule. Rows include Purchase/registration, Electric Vehicles (EV) value Rs.5M >, etc.

TAX ON FOREIGN DOMESTIC WORKERS | Sec 231C

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Row include Agency/ Sponsor/ Person to whom visa is issued or renewed for Foreign National.

BROKERAGE & COMMISSION | Sec 233, Div. II Pt. IV 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Advertising agent, Life insurance commission <Rs.0.5M pa, etc.

TAX ON MOTOR VEHICLES | Sec 234, Div. VII & III Pt. IV 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Goods Transport Vehicle | Based on laden weight, Goods Transport Vehicle | Laden weight 8,120Kg > after 10 yrs. of registration, etc.

COMMERCIAL, INDUSTRIAL ELECTRICITY CONSUMERS | Sec 235, Div. IV Pt. IV 1st Sch., Cl. 66 Pt. IV 2nd Sch.

Table with columns: Gross Monthly Bill, Tax | Not applicable to Specified Sectors, For Companies, Other Taxpayers. Rows include Up to Rs. 500, Rs. 501 to Rs. 20,000, etc.

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include DOMESTIC ELECTRICITY CONSUMERS | S 235, Div. IV, Pt. IV 1st Sch. Monthly bill up to Rs. 25,000, etc.

TELEPHONE USERS | Sec 236, Div. V Pt. IV 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Landline bills exceeding Rs.1,000, Internet & Mobile subscriptions.

SALE BY AUCTION | Sec 236A, Div. VIII Pt. IV 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Sale by public auction/ tender, Lease of collection rights, etc.

SALE/ TRANSFER/ DISPOSAL OF IMMOVABLE PROPERTY | Sec 236C, Div. X Pt. IV 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include By NRPs where the property acquired via FCVA or NRVA, etc.

ON TV PLAYS & ADVERTISEMENT | S236CA, Div. XA Pt. IV 1st Sch.

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Per episode tax on foreign-produced TV drama serial, Tax on foreign-produced single-episode TV play, etc.

TAX ON SALES TO DISTRIBUTORS, DEALERS & WHOLESALE BY MANUFACTURERS & COMMERCIAL IMPORTERS | Sec 236G, Div. XIV Pt. IV 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include Fertilizers, etc.

TAX ON SALES TO RETAILERS & WHOLESALE BY MANUFACTURERS, DISTRIBUTORS, DEALERS, WHOLESALE & COMMERCIAL IMPORTERS | Sec 236H, Div. XV Pt. IV 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Row include All cases.

PURCHASE OF IMMOVABLE PROPERTY | Sec 236K, Div. XVIII Pt. IV 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Rows include By Non-Resident via FCVA or NRVA, etc.

FOREIGN PAYMENTS VIA DEBIT/ PRE-PAID OR CREDIT CARD | Sec 236Y, Div. XVIII Pt. IV 1st Schedule

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Row include On gross amount remitted abroad.

BONUS SHARES ISSUED BY COMPANIES | Sec 236Z

Table with columns: Activity, Tax Rate (Filer, Non-Filer), Nature of Tax. Row include Value of the bonus shares issued.

GLOSSARY OF KEY TERMS

Table listing key terms and their definitions: AMC | Asset Management Company, AOP | Association of Persons, etc.

REACH US AT...

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