


WHAT THIS DOCUMENT AIMS AT?					
This document aims to summarize the tax law on withholding tax and treatment thereof, taking into account the amendments vide the Finance Act, 2025. 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, 2025 – i.e. for the Tax Year 2026. 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					
Activity	Importer Category	Tax Rate		Nature of Tax	
		Filer	Non-Filer		
Goods as per Part I of the Twelfth Schedule	All	1%	2%	Advance Tax for Industrial Undertaking importing goods other than Edible oil, Packing material, Paper and Paper-board or Plastics	
Goods as per Part II of the Twelfth Schedule	Comm. Importers	3.5%	7%		
	Others	2%	4%		
Goods as per Part III of the Twelfth Schedule	Commer. Importers	6%	12%		
	Others	5.5%	11%		
Goods mentioned in SRO 1125(I)/2011	Manu- facturers	1%	2%	Paper-board or Plastics	
Medicines not manufactured locally as certified by DRAP	All	4%	8%		
CKD Kits for electrical vehicles (small cars/ SUVs with up to 50 kWh battery) and LCVs with up to 150 kWh battery	All	1%	2%	Minimum Tax for All Other Cases	
Note: Tax u/s 148 is not applicable where the payment for imported goods has been subjected to Digital Presence Proceeds Levy.					
IMPORT OF MOBILE PHONES Sec148 & Part II of First Sch.					
C&F Value (USD)	CBU	CKD/ SKD	Nature of Tax		
Up to 30, except smartphone	Rs. 70	NIL	Adv. Tax for Industrial Undertaking		
From 31 to 100	Rs. 100	NIL			
From 101 to 200	Rs. 930	NIL			
From 201 to 350	Rs. 970	NIL	Min. Tax for All Other Cases		
From 351 to 500	Rs. 5,000	Rs. 3,000			
Above 500	Rs. 11,500	Rs. 5,200			
Note: Advance tax is to be increased by 100% for non-filers					
SALARY Sec 149, 149(1A) Div. I Part I First Schedule					
Taxable Salary		Rate of Tax		Sur-charge	
From	To				
Up to 600,000		0%		9%, where the income exceeds Rs. 10M	
600,001	1,200,000	1% on > Rs.0.6M			
1,200,001	2,200,000	6,000	11% on >Rs.1.2M		
2,200,001	3,200,000	116,000	23% on > Rs.2.2M		
3,200,001	4,100,000	346,000	30% on > Rs.3.2M		
Above 4,100,000		616,000	35% on > Rs.4.1M		
Pension (Final Tax)		5% (Where age is below 70 years and amount > Rs. 10M)			
Directorship fee		20%			
Activity		Tax Rate		Nature of Tax	
		Filer	Non-Filer		
DIVIDEND Sec 150, Div. I Pt. III 1 st Sch. & Cl. 18C Pt. II & Cl. 11B Pt. IV 2 nd Sch.					
Paid by IPPs, when it is a pass-through item to be reimbursed by CPPAG		7.5%	15%	Final Tax	
Attributable to income from biomass & bagasse-based power projects		25%	50%		
From companies availing exemption or benefits from carried-forward business losses & tax credits	Debt funds	Received by Company	29%		58%
		Other Recipients	25%		50%
		Equity funds	15%		30%
Received from REITs & other cases		15%	30%		
Dividend in specie		15%	30%		
From SPV	By REIT scheme	0%	0%		
	By others	35%	70%		
Intercompany dividend/ group taxation					
Dividend to Transmission Line Projects under Transmission Line Policy, 2015		Not Applicable			
PROFIT ON DEBT Sec 151, Div. IA Pt. III 1 st Sch./ Cl. 5AB Pt. II 2 nd Sc.					
Paid by Banks & Financial Institutions	Received by Companies		20%	40%	Advance Tax
	Received by Individuals/ AOPs	Profit up to Rs. 5M			Final Tax
		Profit above Rs. 5M			Advance Tax
Paid on Government Securities (e.g. National Saving, Post Office, T-Bills, etc.)	Received by Individuals	Profit up to Rs. 5M	20%	30%	Final Tax
		Profit above Rs. 5M			Advance Tax
	Received by AOPs	Profit up to Rs. 5M	Final Tax		
		Profit above Rs. 5M	Advance Tax		
Paid in other cases	Received by Companies		15%	30%	Advance Tax
	Received by Individuals/ AOPs	Profit up to Rs. 5M	Final Tax		
		Profit above Rs. 5M	Advance Tax		
Received by Resident Pakistanis on Government securities, purchased via FCVA under SBP's Scheme		10%		Final Tax	
INVESTMENTS IN SUKUKS Sec 151, Div. IB , Pt. III 1 st Sch					
Returns received by Companies		25%	50%	Advance Tax	
Returns rec by AOPs/ Individuals	Up to Rs. 1M	10%	20%	Final Tax	
	Above Rs.1M up to 5M	12.5%	25%		
	Above Rs. 5M			Minimum Tax	
PREMATURE DISPOSAL OF DEBT SECURITIES Sec 151A Div. IIIAA, Pt. III 1 st Sch					
Gain on premature disposal of debt securities (T-Bills, etc.)		15%	30%	Advance Tax	
PAYMENTS TO NON-RESIDENTS Sec 152, Div. IV Pt. I, Div. II Pt. III 1 st Sch. & Cl. 5A, 5AA, 5AC Pt. II 2 nd Schedule					
Royalty/ fees for technical services or Fee of offshore digital services		15%		Final Tax	
Money transfer operations, Card network services, Payment gateway services, Interbank financial telecom services		10%			
IT services and IT enabled services		4%	8%	Minimum Tax	
Contracts/ subcontract under a construction, assembly/ installation project (including supply of supervisory activities therefor) and Advertisement services by TV Satellite Channels		7%			
Insurance/ re-insurance premium		5%			

Activity			Tax Rate		Nature of Tax	
			Filer	Non-Filer		
Advertisement services relaying from outside Pakistan			10%		Final Tax	
Foreign produced commercials for TV channel/ other media			20%			
Capital gain to Foreign Companies on disposal of Debt Instruments & Govt. Securities invested via SCRA	If holding period is 6 months or more	10%				
	If holding period is less than 6 months	20%				
Capital gain to individuals on disposal of debt instruments and Govt. Securities invested via FCVA or NRVA			10%			
Profit on debt from investments exclusively made through a SCRA			10%		Final Tax	
Individuals receiving profit on Govt. Securities purchased via a foreign bank account, NRVA or FCYAs			0%			
Profit on FCYAs or COIs under SBP's FC Account Scheme			0%		Exempt	
Profit received by NRPs from PKR accounts on funds exclusively remitted from aboard in FCY			0%			
Other payments			20%		Advance Tax	
PAYMENTS TO PE OF NON-RESIDENTS Sec 152, Div. II Pt. III 1 st Sch.						
For Goods supplied	Company		5%	10%	Minimum Tax	
	Other than Company		5.5%	11%		
Transport Freight forwarding Air cargo services Courier Manpower outsourcing Hotel services Security guard Software development Tracking services Advertising (other than by print/ electronic media) Share registrar services Engineering services Car rentals Building maintenance Inspection, certification & testing Training services Oilfield services			8%	16%		
IT & IT enabled services			4%	8%		
Contract by sports persons			15%	30%		
Other services			15%	30%		
Contracts other than for goods & services			8%	16%		
SUPPLY OF GOODS INCLUDING TOLL MANUFACTURING Sec 153(1)(a), Div. III Pt. III 1 st Sch, Cl 24A, 24C, 31, 45A Pt. II 2 nd Sch.						
Sale of rice, cotton seed or edible oil			1.5%	3%		Advance Tax for Listed Companies and Companies Engaged in Manu- facturing
Sale of cigarettes by distributors			2.5%	5%		
Sale of pharma products by distributors			1%	2%		
Sale by distributors, dealers, sub-dealers, wholesalers & Tier-1 retailers integrated & configured with Board (also appearing on Sales Tax ATL) of the following: FMCG Fertilizer Electronics (excluding mobile phones) Sugar Cement Steel Edible oil			0.25%	0.5%	Minimum Tax for all other cases	
Sales, supplies & services by taxpayers in the following sectors: Textile & articles thereof Carpets Leather & articles thereof Artificial leather footwear Surgical goods Sports Goods			1%	2%		
Supplies & services to above sectors by Yarn Traders			0.5%	1%		
Other supplies/ sales	By companies	Toll Manufacturing	9%	18%		
		Others	5%	10%		
	By AOPs & Individuals	Toll Manufacturing	11%	22%		
		Others	5.5%	11%		
Sale of gold & silver and articles thereof			1%	2%	Advance Tax	
Notes: (1) No 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. (c) Public limited companies, where a Certificate for WHT Exemption has been issued by the Commissioner. (2) Tax to be withheld at reduced rate , where a Certificate to this effect has been issued by the Commissioner.						
PAYMENTS FOR SERVICES Sec 153(1)(b), 153(2), Div. III & Div. IV Pt. III 1 st Schedule						
Transport Freight forwarding Air cargo services Courier Manpower outsourcing Hotel services Security guard Software development Tracking services Advertising (other than by print/ electronic media) Share registrar services Engineering/ Architectural services Warehousing Services rendered by AMC's Data services Telecom. infrastructure (tower) services Car rentals Building maintenance Services rendered by PSEL & PMEL Inspection, certification & testing Training services Oilfield services Telecom Collateral management Travel & tours REIT management NCCPL services			6%	12%	Minimum Tax	
IT services and IT enabled services			4%	8%		
Advertising services electronic/ print			1.5%	3%		
Other services			15%	30%		
Stitching, dying, printing, embroidery, washing, sizing & weaving to Exporters			1%	2%		
Note Not applicable if aggregate annual payment is under Rs.30,000						
EXECUTION OF CONTRACTS Sec 153(1)(c), Div III Pt III 1st Sch.						
Contracts performed by Listed Companies			7.5%	15%	Advance Tax	
Contracts performed by Other Companies			8%	16%	Minimum Tax	
Contracts performed Individuals/ AOPs			15%	30%		
Contracts performed by sportspersons			15%	30%		
GOODS & SERVICES ACQUIRED VIA E-COMMERCE Sec 6A, Div IVA Pt I 1st Sch. & Sec 153 (2A) Div III, Pt III 1st Sch.						
Payment via digital means			1%	2%	Final Tax	
Payment of cash on delivery			2%	4%		
Note Poses a challenge of taxing one economic activity twice for sale of imported goods.						
EXPORTS Sec 154 Div. IV Pt. III 1 st Sch, Cl. 47C Pt. IV 2 nd Schedule						
Realization of export proceeds					Minimum Tax @ 1% and 1% Advance Tax	
Goods sold per inland back-to-back LC						
Export of goods by units in EPZ			1% + 1%			
Payments under DTRE Rules & Export Facilitation Scheme, 2021 to indirect exporters by direct exporters						
Cooking oil/ vegetable ghee exported to Afghanistan, if tax u/s 148 is paid			0%		Not Applicable	
EXPORT OF SERVICES Sec 154A IVA Pt. III 1 st Schedule						
Software, IT or IT-enabled services by PSEB registered taxpayers			0.25%		Final Tax, subject to specified conditions	
Services/ technical services	Rendered abroad					
	Exported from Pakistan					
Royalty/ commission/ franchise fees received by a resident company from a foreign entity for use of intellectual property outside Pakistan			1%		OR/ Optional	
Construction contracts executed outside Pakistan					Advance Tax	
Foreign indenting commission						

RENT OF IMMOVABLE PROPERTY Sec 155, Div. V Pt. III 1 st Sch.					
Individual & AOP			15%		Advance Tax (Rates to be increased by 100% for Non-filers)
	Annual Rent (Rs.)	Tax			
		From	To		
	Up to 300,000		NIL		
	300,001	600,000	5% of rent exceeding Rs.300K		
	600,001	2,000,000	Rs.15K + 10% of rent above Rs.600K		
	Above 2,000,000		Rs.155K + 25% of rent above Rs.2M		
PRIZES AND WINNINGS Sec 156, Div. VI Pt. III 1 st Schedule					
On a prize bond or crossword puzzle			15%	30%	Final Tax
Raffle, lottery, winning quiz & prizes on sales promotion schemes.			20%	40%	
PETROLEUM PRODUCTS Sec 156A, Div. VIA Pt. III 1 st Schedule					
Commission amount / discount allowed to a petrol pump operator			12%	24%	Final Tax
CASH WITHDRAWAL Sec 231AB					
Cash withdrawal exceeding Rs. 50,000			0%	0.8%	Advance Tax
TAX ON MOTOR VEHICLES Sec 231B Div. VII Pt. IV 1 st Schedule					
Purchase/ registration			Various	Increased by 200%	Advance Tax
Electric Vehicles (EV) value Rs.5M >			3%		
Transfer of registration/ ownership			Various		
Sale/ transfer of EV valuing Rs.5M >			Rs.20K		
Sale of vehicle on Own-Money			Various		
Leasing to a non-filer			N/A	4%	
TAX ON FOREIGN DOMESTIC WORKERS Sec 231C					
Agency/ Sponsor/ Person to whom visa is issued or renewed for Foreign National			Rs. 200K	Rs. 400K	Advance Tax
BROKERAGE & COMMISSION Sec 233, Div. II Pt. IV 1 st Schedule					
Advertising agent			10%	20%	Minimum Tax
Life insurance commission<Rs.0.5M pa			8%	16%	
Others			12%	24%	
TAX ON MOTOR VEHICLES Sec 234, Div. VII & III Pt. IV 1 st Schedule					
Goods Transport Vehicle Based on laden weight			Rs.2.5/ Kg	Increased by 100%	Advance Tax
Goods Transport Vehicle Laden weight 8,120Kg > after 10 yrs. of registration			Rs.1.2K		
Passenger transport vehicle plying for hire Based on seating & air-conditioning			Various		
Motor vehicle Based on engine capacity			Various		
COMMERCIAL, INDUSTRIAL ELECTRICITY CONSUMERS Sec 235, Div. IV Pt. IV 1 st Sch., Cl. 66 Pt. IV 2 nd Schedule					
Gross Monthly Bill		Tax Not applicable to Specified Sectors		For Companies	
From	To			Nature of Tax	Advance Tax
Up to Rs. 500		NIL		Other Taxpayers	
Rs. 501	Rs. 20,000	10% of amount			
Above Rs. 20,000		Commercial Consumer	Rs.1,950 + 12% above Rs.20,000	Annual Bill (Rs.)	Nature of Tax
		Industrial Consumer	Rs.1,950 + 5% over Rs.20,000	Up to 360K	Minimum Tax
				Above 360K	Advance Tax
DOMESTIC ELECTRICITY CONSUMERS S 235, Div. IV, Pt. IV 1 st Sch					
Monthly bill up to Rs. 25,000			0%		Advance Tax
Monthly bill exceeds Rs. 25,000			7.5%		
TELEPHONE USERS Sec 236, Div. V Pt. IV 1 st Schedule					
Landline bills exceeding Rs.1,000			10%		Advance Tax
Internet & Mobile subscriptions			15%	75%	
SALE BY AUCTION Sec 236A, Div. VIII Pt. IV 1 st Schedule					
Sale by public auction/ tender		Property/ goods	10%	20%	Advance Tax
		Immovable Property	5%	10%	
		Fee or Other levies	10%	20%	
		Toll			
Lease of collection rights				Final Tax	
SALE/ TRANSFER/ DISPOSAL OF IMMOVABLE PROPERTY Sec 236C, Div. X Pt. IV 1 st Schedule					
By NRPs where the property acquired via FCVA or NRVA			3% (In lieu of CGT)		Final Tax
All other cases	Acquired in same year		3%	6%	Minimum Tax
	Inheritance/ Gift		Not Applicable		N/A
	Other cases	Range	Filer	Late Filer	Advance Tax
		Up to 50M	4.5%	7.5%	
		From 50M to 100M	5%	8.5%	
		Exceed 100M	6.5%	9.5%	
ON TV PLAYS & ADVERTISEMENT S236CA, Div. XA Pt. IV 1 st Sch.					
Per episode tax on foreign-produced TV drama serial			Rs.1M	Rs.2M	Minimum Tax
Tax on foreign-produced single-episode TV play			Rs.3M	Rs.6M	
Per second tax on advertisement starring foreign actor			Rs. 0.1M	Rs. 0.2M	
ON FUNCTIONS AND GATHERINGS S236CB, Div. XI Pt. IV 1 st Sch.					
Advance tax on functions and gatherings			10%	20%	Advance Tax
TAX ON SALES TO DISTRIBUTORS, DEALERS & WHOLESALE BY MANUFACTURERS & COMMERCIAL IMPORTERS Sec 236G, Div. XIV Pt. IV 1 st Schedule					
Fertilizers	ATL Status	I. Tax	S. Tax	0.25%	Advance Tax
		I. Tax	X	0.7%	
		X	X	1.4%	
Other than Fertilizers			0.1%	2%	
TAX ON SALES TO RETAILERS & WHOLESALE BY MANUFACTURERS, DISTRIBUTORS, DEALERS, WHOLESALE & COMMERCIAL IMPORTERS Sec 236H, Div. XV Pt. IV 1 st Schedule					
All cases			0.5%	2.5%	Advance Tax
PURCHASE OF IMMOVABLE PROPERTY Sec 236K, Div. XVIII Pt. IV 1 st Schedule					
By Non-Resident via FCVA or NRVA			0%		Not Applicable
Inheritance/ Gift			Not Applicable		
All other cases	Normal Purchase	Range	Filer	Late Filer	Advance Tax
		Up to 50M	1.5%	4.5%	
		From 50M to 100M	2%	5.5%	
		Exceed 100M	2.5%	6.5%	
FOREIGN PAYMENTS VIA DEBIT/ PRE-PAID OR CREDIT CARD Sec 236Y, Div. XXVII Pt. IV 1 st Schedule					
On gross amount remitted abroad			5%	10%	Advance Tax
BONUS SHARES ISSUED BY COMPANIES Sec 236Z					
Value of the bonus shares issued			10%	20%	Final Tax
GLOSSARY OF KEY TERMS					
AMC Asset Management Company		NR Non-resident			
AOP Association of Persons		NRP Non-resident Pakistani			
AL Active Tax-payer List		NRVA Non-resident Pakistani Rupee Value A/c.			
COI Certificate of Investment		PE Permanent Establishment			
CPPAG Central Power Purchasing Agency		PMEL Pakistan Mercantile Exchange Ltd.			
DTRE Duty & Tax Remission Scheme		PSEL Pakistan Stock Exchange			
EPZ Export Processing Zone		REIT Real Estate Investment Trust			
FCVA Foreign Currency Value A/c.		S. Tax Sales Tax			
FCY Foreign Currency		SBP State Bank of Pakistan			
FCYA Foreign Currency Account		Sch. Schedule			
I. Tax Income Tax		SCRA Special Convertible Rupee A/c.			
IPPs Independent Power Producers		Sec Section			
L1 Letter of Credit		SPV Special Purpose Vehicle			
NCPL National Clearing Company					
REACH US AT...					
Head Office	173-W, Block 2, P.E.C.H.S., Karachi				
Telephone	021 34322 582/ 583, 34322 606/ 607				
Email	info@tagco.pk				
Web	www.tagco.pk				
LinkedIn	LinkedIn/TAGGroup				
Facebook	FB/TAGGroup		Scan QR Code to Download this Rate Card		