

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, 2024. These tax rates & treatments are 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

Activity	Importer Category	Tax Rate		Nature of Tax
		Filer	Non-Filer	
Imports of 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
Imports of Goods as per Part II of the Twelfth Schedule	Commercial Importers	3.5%	7%	
	Others	2%	4%	
Imports of Goods as per Part III of the Twelfth Schedule	Commercial Importers	6%	12%	Advance Tax for companies and Companies Engaged in Manufacturing
	Others	5.5%	11%	
Imports of Goods mentioned in SRO 1125(I)/2011	Manufacturers	1%	2%	Minimum Tax for All Other Cases
Imports of medicines not manufactured locally as certified by DRAP	All	4%	8%	
Imports of 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%	

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, Div. I Part I First Schedule

Taxable Income		Rate of Tax	
From	To		
Up to 600,000		0%	
600,001	1,200,000	5% on amount exceeding Rs.0.6M	
1,200,001	2,200,000	30,000	PLUS
2,200,001	3,200,000	180,000	
3,200,001	4,100,000	430,000	
Above 4,100,000		700,000	
Above 4,100,000		700,000	35% on amount > Rs.4.1M

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

Activity	Tax Rate		Nature of Tax
	Filer	Non-Filer	

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

Dividend paid by IPPs, when it is a pass-through item to be reimbursed by CPPAG				Final Tax
Dividend attributable to income from biomass & baggas based power projects	7.5%	15%		
Dividend received where company is availing exemption or benefiting from c/f business losses & tax credits	25%	50%		
Mutual funds, REITs & other cases	< than 50% income from profit on debt	15%	30%	
	50% or more income from profit on debt	25%	50%	
Dividend in specie		15%	30%	Final Tax
Dividend from SPV received:	By REIT scheme	0%	0%	
	By others	35%	70%	
Intercompany dividend/ group taxation	Not Applicable			

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

Received by Company				Advance Tax
Received by AOP/ individual	Profit up to Rs. 5M	15%	35%	Final Tax
	Profit above Rs. 5M			Minimum 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 1st Schedule

Returns received by Companies	25%	50%	Adv. Tax
Returns rec. by AOPs/ Individuals	Up to Rs. 1M	10%	20%
	Above Rs.1M upto 5M		
	Above Rs. 5M	12.5%	25%
			Min. Tax

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

Royalty/ fees for technical services	15%			Final Tax
Fee for offshore digital services, Money transfer operations, Card network services, Payment gateway services, Interbank financial telecom. Services		10%		
Contracts/ subcontract under a construction, assembly/ installation project (including supply of supervisory activities therefor) and Advertisement services by TV Satellite Channels		7%		Minimum Tax
Insurance/ re-insurance premium		5%		
Advertisement services relaying from outside Pakistan		10%		
Foreign produced commercials for TV channel/ other media		20%		Final Tax
Capital gain to foreign companies on disposal of Debt Instruments & Govt. securities invested via SCRA				
Profit on debt from investments exclusively made through a SCRA		10%		
Capital gain to individuals on disposal of debt instruments and Govt. Securities invested via FCVA or NRVA				

Activity	Tax Rate		Nature of Tax
	Filer	Non-Filer	
Individuals receiving profit on Govt. Securities purchased via a foreign bank account, NRVA or FCYAs		10%	Final Tax
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%	
			Adv. Tax

PAYMENTS TO PE OF NON-RESIDENTS | Sec 152, Div. II Pt. III 1st Sch.

For Goods supplied	Company	5%	10%	Minimum Tax
	Other than Company	5.5%	11%	
For services rendered	By PE of NR company	9%	18%	
	Other PEs	11%	22%	
Contract by sports persons		10%	20%	
For other contracts		8%	16%	

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.

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 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, wholesales & 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%		
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%	Adv. Tax	
Note 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.					

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

Transport Freight forwarding Air cargo services Courier Manpower outsourcing Hotel services Security guard Software development IT & IT enabled services Tracking services Advertising (other than by print/ electronic media) Share registrar services Engineering/ Architectural services Warehousing Services rendered by AMCs 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		4%	8%	Minimum Tax
Advertising services electronic/ print media		1.5%	3%	
Other services	By companies	9%	18%	
	By AOPs & Individuals	11%	22%	
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.

Executed for Listed Companies		7.5%	15%	Adv. Tax
Executed for Other Companies				Minimum Tax
Performed by sportspersons		10%	20%	
Other cases		8%	16%	

EXPORTS | Sec 154 Div. IV Pt. III 1st Sch, Cl. 47C Pt. IV 2nd 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				Exempt
Cooking oil/ vegetable ghee exported to Afghanistan, if tax u/s 148 is paid		0%		

EXPORT OF SERVICES | Sec 154A IVA Pt. III 1st 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 Advance Tax
Construction contracts executed outside Pakistan				
Foreign indenting commission				

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

Company	15%			Advance Tax
Individual & AOP	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		
Note	Rates to be increased by 100% for Non-filers			

Note | Rates to be increased by 100% for Non-filers

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

Commission amount / discount allowed to a petrol pump operator	12%	24%	Final Tax
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CASH WITHDRAWAL | Sec 231AB

Cash withdrawal exceeding Rs. 50,000	0%	0.6%	Advance Tax
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Activity	Tax Rate		Nature of Tax
	Filer	Non-Filer	
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.200,000/-	Advance Tax
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BROKERAGE & COMMISSION | Sec 233, Div. II Pt. IV 1st 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 1st 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 1st Sch., Cl. 66 Pt. IV 2nd Schedule

Sec 235, Div. IV Pt. IV 1 st Sch., Cl. 66 Pt. IV 2 nd Schedule		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
					Above 360K

Activity	Tax Rate		Nature of Tax
	Filer	Non-Filer	

DOMESTIC ELECTRICITY CONSUMERS| S 235, Div. IV, Pt. IV 1st 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 1st Schedule

Landline bills exceeding Rs.1,000	10%	Advance Tax
Internet & Mobile subscriptions	15%	75%

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

Sale by public auction/ tender	Property/ goods	10%	20%	Advance Tax
	Immoveable Property	5%	10%	
Lease of collection rights	Fee or Other levies	10%	20%	Final Tax
	Toll			

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

Sec 236C, Div. X Pt. IV 1 st Schedule					
By NRPs where the property acquired via FCVA or NRVA		3%			Final Tax (In lieu of CGT)
All other cases	Acquired in same year		3%	6%	Min. Tax
	Inheritance/ Gift		Not Applicable		
	Other cases	Range	Filer	ATL (Late Filer)	Non-Filer
		Upto 50M	3%	6%	10%
		From 50M to 100M	3.5%	7%	
		Exceed 100M	4%	8%	
Adv. Tax					

ON TV PLAYS & ADVERTISEMENT | S236CA, Div. XA Pt. IV 1st 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	0.2M	

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

All cases		0.5%	2.5%	Advance Tax
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PURCHASE OF IMMOVABLE PROPERTY | Sec 236K, Div. XVIII Pt. IV 1st Schedule

Sec 236K, Div. XVIII Pt. IV 1 st Schedule						
By Non-Resident via FCVA or NRVA		0%			N/A	
All other cases	Inheritance/ Gift		Not Applicable			N/A
	Normal Purchase	Range	Filer	ATL (Late Filer)	Non-Filer	Adv. Tax
		Up to 50M	3%	6%	12%	
		From 50M to 100M	3.5%	7%	16%	
		Exceed 100M	4%	8%	20%	

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

On gross amount remitted abroad	
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