

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	Manufacturers	1%	2%	Minimum Tax for All Other Cases
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%	
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 | Sec 148 & 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%		
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				
From companies availing exemption or benefits from carried-forward business losses & tax credits		25%	50%	
From mutual funds (Proportional income basis from avg. annual investments in debt securities & equities)	Debt funds	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%	

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

Invited to Transmission Line Projects under Transmission Line Policy, 2015				Not Applicable	
PROFIT ON DEBT <i>Sec 151, Div. IA Pt. III 1st Sc./ Cl. 5AB Pt. II 2nd Sc.</i>					
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	15%	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
	Received by Companies				Advance Tax
	Paid in other cases	Received by Individuals/ AOPs			Profit up to Rs. 5M
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 1st 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. IIIA, Pt. III 1st Sch

Gain on premature disposal of debt securities (T-Bills, etc.)	15%	30%	Advance Tax
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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 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%	
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%	

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%		Final Tax
Profit on debt from investments exclusively made through a SCRA		10%		
Individuals receiving profit on Govt. Securities purchased via a foreign bank account, NRVA or FCYAs		10%		Exempt
Profit on FCYAs or COIs under SBP's FC Account Scheme		0%		
Profit received by NRPs from PKR accounts on funds exclusively remitted from abroad in FCY		0%		
Other payments		20%		
				Advance 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%	
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				
Contracts other than for goods & services		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.

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, 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%	Minimum Tax for all other cases	
		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 1st 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%	

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			
Contracts performed Individuals/ AOPs			
Contracts performed by sportspersons	8%	16%	Minimum Tax
Contracts performed by sportspersons	15%	30%	

GOODS & SERVICES ACQUIRED VIA E-COMMERCE | Sec 6A, Div IVA Pt 1st Sch. & Sec 153 (2A) Div III, Pt III 1st Sch.

Duty on Imports (1st Sch. & Sec 100 (2A), Div III, Part 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 1st Sch, Cl. 47C Pt. IV 2nd Schedule

Realization of export proceeds	1% + 1%	Minimum Tax @ 1% and 1% Advance Tax
Goods sold per inland back-to-back LC		
Export of goods by units in EPZ		
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 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 1 st Sch.					
Company	15%		30%		
Individual & AOP	Annual Rent (Rs.)		Tax		Advance Tax (Rates to be increased by 100% for Non-filers)
	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 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%	0.8%	Advance Tax
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TAX ON MOTOR VEHICLES | Sec 231B Div. VII Pt. IV 1st Schedule

Purchase/ registration	Various	Increased by 100%	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
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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 2nd Schedule

Gross Monthly Bill	Tax Not applicable to Specified Sectors		For Companies	
From To			Nature of Tax	Advance Tax
Up to Rs. 500	NIL			
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
			Up to 360K	Minimum Tax
	Industrial Consumer	Rs.1,950 + 5% over Rs.20,000	Above 360K	Advance Tax

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%	

SALE BY AUCTION | Sec 236A, Div. VIII Pt.