

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
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%	importing goods other than Edible oil, Packing material, Paper and Paper-board or Plastics	
	Others	5.5%	11%		
Goods mentioned in SRO 1125(I)(2011)	Manufacturers	1%	2%		
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 | 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	Min. Tax for All Other Cases
From 201 to 350	Rs. 970	NIL	
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		Surcharge
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 1st Sch. & Cl. 18C Pt. II & Cl. 11B Pt. IV 2nd Sch.		7.5%	15%	

Paid by IPPs, when it is a pass-through item to be reimbursed by CPPAG

Attributable to income from biomass & bagasse-based power projects

From companies availing exemption or benefits from carried-forward business losses & tax credits

From mutual funds (Proportional income basis from avg. annual investments in debt securities & equities)

Received from REITs & other cases

Dividend in specie

From SPV

By REIT scheme

By others

Intercorporate dividend/ group taxation

Dividend to Transmission Line Projects under Transmission Line Policy, 2015

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.		7.5%	15%	

Received by Companies

Received by Individuals/ AOPs

Received by Debt funds Other Recipients

Received by Equity funds

Received from REITs & other cases

Dividend in specie

From SPV

By REIT scheme

By others

Intercorporate dividend/ group taxation

Dividend to Transmission Line Projects under Transmission Line Policy, 2015

Activity		Tax Rate		Nature of Tax
		Filer	Non-Filer	
PROFIT ON DEBT Sec 151, Div. IA Pt. III 1st Sch. / Cl. 5AB Pt. II 2nd Sch.		7.5%	15%	

Paid by Banks & Financial Institutions

Paid on Government Securities (e.g. National Saving, Post Office, T-Bills, etc.)

Paid in other cases

Received by Resident Pakistanis on Government securities, purchased via FCVA under SBP's Scheme

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

Returns received by Companies

Returns rec by AOPs/ Individuals

Up to Rs. 1M

Above Rs.1M up to 5M

Above Rs. 5M

10%

Final Tax

10%

Final Tax

12.5%

Minimum Tax

10%

Final Tax

</div