

Rates for Withholding (Income) Tax, Updated to the Effect of Proposed Changes vide the Finance Bill, 2018

APPLICABLE FOR TAX YEAR 2019

Nature of Payment	Tax Rate		Nature of Tax (Advance/ Final/ Minimum Tax)
	Filer	Non-filer	
DIVIDEND, INCLUDING DIVIDEND IN SPECIE			
<i>[Section 150, 236S, Division I Part III First Schedule & Clause 11B Part IV Second Schedule]</i>			
Dividends from privatized power projects or companies set up for power generation or companies supplying coal exclusively to power generation projects	7.5%		Final Tax
Dividends received by a company from a collective investment scheme, REIT scheme or a mutual fund, other than a stock fund	25%		
Dividends exceeding Rs. 2.5 million, received by other than a company, from a collective investment scheme, REIT scheme or a mutual fund excluding stock fund	12.5%	15%	
Dividends upto Rs. 2.5 million, received by other than a company, from a collective investment scheme, REIT scheme or a mutual fund excluding stock fund	10%	15%	
Dividends received by an individual, from a rental REIT scheme	7.5%		
Dividends received from stock funds	12.5%		
Inter-corporate dividend within the group companies covered under group taxation, where return of the group has been filed for the latest completed tax year	0%		
Other cases, including repatriation of after-tax profits by branches of foreign companies	15%	20%	
Dividends for 3 years from June 30, 2018 paid by Developmental REIT Schemes set up by June 30, 2018 with the object of development and construction of residential buildings	Rate to be reduced by 50%		
TAX ON DIVIDENDS			
<i>[Section 5, Division III Part I First Schedule]</i>			
Dividends received from a company	15%		Final Tax
Dividend received by a person from a mutual fund	12.5%		
RETURN ON INVESTMENT IN SUKUKS			
<i>[Section 150A, Division IB Part III First Schedule]</i>			
Received by Company	25%		Final Tax
Received by an individual or an AOP, if the profit is more than Rs. 1 Million	12.5%		
Received by an individual or an AOP, if the profit is less than Rs. 1 Million	10%		

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	Filer	Non-filer	
SHIPPING OR AIR TRANSPORT INCOME OF NON-RESIDENTS <i>[Section 7 & Division V Part I First Schedule]</i>			
Shipping income	8%		Final Tax
Air transport income	3%		
INCOME OF RESIDENTS FROM SHIPS and all floating crafts including tugs, dredgers, survey vessels and other specialized craft purchased or bare-boat <i>[Section 7A]</i>			
Chartered and flying Pakistan flag	USD 1 per gross registered tonnage		Final Tax
Not registered in Pakistan and hired any charter other than bare-boat charter	USD 0.15 / ton of gross registered tonnage per chartered voyage, subject to a maximum annual amount of USD 1 per ton of gross registered tonnage		
TAX ON PROFIT ON DEBTS <i>[Section 7B, Division IIIA Part I of First Schedule]</i>			
Profit upto Rs. 5 Million	10%		Final tax for all cases except company
Profit on debt exceeds Rs.5 Million but does not exceed Rs.25 Million	12.5%		
Profit on debt exceeds Rs.25 Million	15%		
CAPITAL GAINS TAX collected by mutual funds, collective investment schemes or REIT schemes at the time of redemption of securities <i>[Second Proviso to Division VII of Part I of First Schedule]</i>			
Received by individuals and AOPs, where holding period of securities is up to 4 years	15%	20%	Advance Tax
Received by companies, if holding period of securities is up to 4 years	10.0% for stock funds 25.0% for others		
All type of recipients, where holding period of securities is above 4 years	Exempt		
In case of a stock fund if dividend receipts of the fund are less than capital gains, the rate of tax deduction shall be 12.5% instead of 10%			

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IMPORTS [Section 148 & Part II First Schedule]			
Industrial undertaking importing remeltable steel (PCT Heading 72.04) and directly reduced iron for its own use	1%	1.5%	Advance tax in the case of: <ul style="list-style-type: none"> - Raw material or plant & machinery imported by industrial undertakings for own use; - imports by large Import houses; - motor vehicles in CBU condition imported by manufacturers of motor vehicles - Foreign produced film for screening & viewing purposes Minimum Tax <ul style="list-style-type: none"> - Goods sold same condition they were imported - Edible Oil - Packing Material - in case of import of plastic raw material (PCT heading 39.01 to 39.12), packing material and edible oil
Persons importing potassic fertilizers in pursuance of ECC's decision No.ECC-155/12/2004 dated the 9 Dec 2004			
Persons importing urea			
Manufacturers covered under S.R.O. 1125(I)/2011 dated the 31 Dec 2011 for importing items as per said SRO			
Persons importing gold			
Persons importing cotton	1%	1.5%	
Designated buyer of LNG importing on behalf of Govt. of Pakistan			
Persons importing Pulses	2%	3%	
Industrial undertaking, being filer, importing plastic raw material (PCT Heading 39.01 to 39.12) for its own	1.75%		
Commercial importers, being filer, importing plastic raw material (PCT Heading 39.01 to 39.12)	4.5%		
Commercial importers covered under S.R.O. 1125(I)/2011 dated the 31 Dec 2011 for importing items as per said SRO	3%	4.5%	
Persons importing coal	4%	6%	
Ship breaker on import of ships	4.5%	6.5%	
Companies and industrial undertakings not covered above	5.5%	8%	
Others	6%	9%	
PROFIT ON DEBT [Section 151 & Division IA Part III First Schedule]			
Where debt yield is up to Rs. 500,000	10%		Advance Tax in the case of companies Final tax in other cases
Where debt yield is above Rs. 500,000	10%	17.5%	
For non-filers, 10% is treated as final tax for non-company recipients and balance 7.5% is advance tax			

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PAYMENTS TO NON-RESIDENTS <i>[Section 152, Division IV Part I First Schedule & Division II Part III First Schedule]</i>			
Royalty or fee for technical services	15%		Final Tax
Fee for offshore digital services	5%		Final Tax
Contracts or related services	7%	13%	Advance Tax with option for Final Tax
Insurance or re-insurance premium	5%		Final Tax
Advertisement services to a non-resident media person relaying from outside Pakistan	10%		
Execution of contract by Sportpersons	10%		Advance Tax
Profit on debt to a non-resident person not having PE in Pakistan	10%		
Any other receipt	20% of the gross amount or reduced rate under DTA		
PAYMENTS TO PERMANENT ESTABLISHMENT (PE) OF NON-RESIDENTS <i>[Section 152 & Division II Part III First Schedule]</i>			
Sale/ supply of goods by PE of non-resident company	4%	7%	Advance Tax
Sale/ supply of goods by PE of other non-residents	4.5%	7.75%	
Rendering/ providing of services by PE of non-resident company	8%	14%	Minimum Tax
Rendering/ providing of services by PE of other non-residents	10%	17.5%	
Rendering/ providing of transport services	2%		
Execution of contract other than contract for sale or services by PE of non-resident company	7%	13%	Advance Tax
Execution of contract other than contract for sale or services by PE of other non-residents	7%	13%	
PAYMENT FOR FOREIGN PRODUCED COMMERCIALS <i>[Section 152A]</i>			
Payment against foreign produced advertisement commercial to non-residents	20%		Final Tax

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	Filer	Non-filer	
PAYMENTS FOR SUPPLY OF GOODS			
<i>[Section 153(1)(a), Division III Part III First Schedule & Clause (24A) Part II Second Schedule]</i>			
Sale of rice, cotton seed oil and edible oil	1.5%		Advance Tax in case of listed companies and companies engaged in manufacturing. Final Tax for other cases
Sale by distributors of cigarettes & pharmaceutical products and large import houses	1%		
Sale of goods by FMCG distributors, which are companies	2%		
Sale of goods by FMCG distributors, which are not companies	2.5%		
Sale of any other goods by companies	4%	8%	
Sale of any other goods by other than companies	4.5%	9%	
No tax to be withheld for payments in case of: <ul style="list-style-type: none"> - Imported goods sold by an importer where tax u/s 148 has been paid - Yarn sold by traders to taxpayers specified in the sales tax zero-rated regime as provided under clause (45A) of Part-IV of Second Schedule - Purchase of an asset under a lease & buy back agreement by modarabas, leasing/ banking companies or financial institutions 			
PAYMENTS FOR SERVICES			
<i>[Section 153(1)(b), 153(2), Division III Part III First Schedule & Division IV Part III First Schedule]</i>			
Companies providing advertising services (electronic & print media services)	1.5%	12%	Final Tax
Companies providing transport services	2%	2%	Minimum Tax
Companies providing other services	8%	14.5%	Minimum Tax
Non-company entities providing advertising services (electronic & print media services)	1.5%	15%	Final Tax
Non-company entities providing transport services	2%	2%	Minimum Tax
Non-company entities providing other services	10%	17.5%	Minimum Tax
By export houses for services rendered for stitching, dying, printing, embroidery, washing, sizing & weaving	1%		Final Tax
No tax to be withheld for payments in case of payment for securitization of receivables by Special Purpose Vehicles to Originators. Any tax deducted by a person making a payment for a Special Purpose Vehicle, on behalf of the Originator, the tax is credited to the Originator			

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	Filer	Non-filer																					
PAYMENT ON ACCOUNT OF EXECUTION OF CONTRACTS <i>[Section 153(1)(c) & Division III Part III First Schedule]</i>																							
To companies	7%	14%	Advance Tax for listed companies Final Tax for non-listed companies																				
To sportsperson	10%		Final Tax																				
To others	7.5%	15%																					
EXPORTS <i>[Section 154 & Division IV Part III First Schedule & Clause (47C) Part IV Second Schedule]</i>																							
At the time of realization of proceeds on export of goods [Exemption to cooking oil or vegetable ghee exported to Afghanistan if tax u/s 148 is paid]	1%		Final Tax Exporters may opt at the time of filing of return that the tax collected to be treated as Minimum Tax																				
Indenting commission on realization of proceeds on account of commission to indenting agent	5%																						
Inland back to back LC by exporter on sale of goods under inland back to back LC or any other arrangement as may be prescribed by FBR.	1%																						
Export of goods by units located in EPZ	1%																						
Payment for a firm contract by direct exporters or export houses registered under DTRE Rules, 2001 to an indirect exporter as per the said Rules	1%																						
PROPERTY INCOME/ RENTALS <i>[Section 155 & Division V Part III First Schedule]</i>																							
To companies	15% of the gross amount of rent	17.5% of the gross amount of rent	Advance tax																				
To individuals & AOPs	<table border="1"> <thead> <tr> <th colspan="2">Annual Rent (Rs.)</th> <th rowspan="2">Tax Rate</th> </tr> <tr> <th>From</th> <th>To</th> </tr> </thead> <tbody> <tr> <td colspan="2">Up to 200,000</td> <td>NIL</td> </tr> <tr> <td>Above 200,000</td> <td>600,000</td> <td>5% of the gross amount above Rs.200,000</td> </tr> <tr> <td>600,000</td> <td>1 Million</td> <td>Rs.20,000 + 10% of gross amount above Rs.600,000</td> </tr> <tr> <td>1 Million</td> <td>2 Million</td> <td>Rs.60,000 + 15% of gross amount above 1 Million</td> </tr> <tr> <td colspan="2">Above 2 Million</td> <td>Rs.210,000 + 20% of gross amount above 2 Million</td> </tr> </tbody> </table>		Annual Rent (Rs.)		Tax Rate	From	To	Up to 200,000		NIL	Above 200,000	600,000	5% of the gross amount above Rs.200,000	600,000	1 Million	Rs.20,000 + 10% of gross amount above Rs.600,000	1 Million	2 Million	Rs.60,000 + 15% of gross amount above 1 Million	Above 2 Million		Rs.210,000 + 20% of gross amount above 2 Million	Advance tax
	Annual Rent (Rs.)		Tax Rate																				
	From	To																					
	Up to 200,000		NIL																				
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PRIZES AND WINNINGS <i>[Section 156 & Division VI Part III First Schedule]</i>			
Prize on prize bonds and cross-word puzzle	15%	25%	Final Tax
Winnings from a raffle, lottery, prize on winning a quiz or prizes related to companies' sales promotion schemes	20%		
PETROLEUM PRODUCTS <i>[Section 156A & Division VIA Part III First Schedule]</i>			
Commission or discount to petrol pump operators on petroleum products	12%	17.5%	Final Tax
WITHDRAWAL OF BALANCE UNDER PENSION FUND <i>[Section 156B]</i>			
Withdrawal before retirement age	Average rate of tax for 3 preceding years or rate applicable for the year, whichever is lower		Final Tax (Separate Block of Income)
Withdrawal in excess of 50% of accumulated balance at or after the retirement age			
CASH WITHDRAWALS FROM BANKS <i>[Section 231A, Division VI Part IV First Schedule & Clause (28B) Part II Second Schedule]</i>			
Exchange company, duly licensed and authorized by SBP, subject to specified conditions	0.15%		Advance Tax
Other cases, where total withdrawal in a day exceeds Rs. 50,000 from all bank accounts	0.3%	0.6%	
TRANSACTIONS IN BANK – Banking instrument purchased against payment in cash <i>[Section 231AA & Division VIA Part IV First Schedule]</i>			
Sale against cash of any instrument including demand draft, payment order, CDR, STDR, RTC, or any other instrument of bearer nature except payment is made through a crossed cheque	0.3%	0.6%	Advance Tax
TAX ON MOTOR VEHICLES <i>[Section 231B, 234, Division VII Part IV First Schedule & Division III Part IV First Schedule]</i>			
Tax on purchase/ transfer of motor vehicles & along with annual motor vehicle tax [Not applicable to Federal, Provincial and Local Govts., Foreign Diplomatic Missions in Pakistan]	Various rates based on engine capacity		Advance Tax
On value of motor vehicle leased by Leasing companies, Schedule bank, Investment bank, DFIs or Modaraba	0%	4%	Advance Tax

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Nature of Payment	Tax Rate		Nature of Tax (Advance/ Final/ Minimum Tax)
	Filer	Non-filer	
BROKERAGE & COMMISSION <i>[Section 233 & Division II Part IV First Schedule]</i>			
Advertising agents	10%	15%	Final Tax
Life Insurance Agents where commission received is less than Rs. 0.5 million per annum	8%	16%	
Others	12%	15%	
COLLECTION OF TAX BY STOCK EXCHANGES IN LIEU OF TAX ON COMMISSION <i>[Section 233A & Division IIA Part IV First Schedule]</i>			
On purchase of shares	0.02%		Advance Tax
On sale of shares	0.02%		
COLLECTION BY TAX BY NCCPL FROM MEMBERS OF STOCK EXCHANGES <i>[Section 233AA & Division IIB Part IV First Schedule]</i>			
In respect of financing of carryover trade, margin financing, margin trading nor securities lending in shares business	10%		Advance Tax
CNG STATIONS <i>[Section 234A & Division VIB Part III First Schedule]</i>			
On the amount of gas bill	4%	6%	Final Tax
ELECTRICITY CONSUMPTION <i>[Section 235, Division IV of Part IV of First Schedule & Clause (66) Part IV Second Schedule]</i>			
Electricity bill of commercial or industrial consumers [Exporters-cum-manufacturers are exempt from this collection]	Various rates		Minimum Tax (for Non-corporate tax payers up to Rs. 360,000) Advance Tax (for other cases)

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DOMESTIC ELECTRICITY CONSUMPTION <i>[Section 235A & Division XIX Part IV First Schedule]</i>			
Where the amount of monthly bill is less than Rs. 75,000.	0%		Advance Tax
Where the monthly bill is Rs. 75,000 and above	7.5%		
STEEL MELTERS, RE-ROLLERS ETC. <i>[Section 235B/ Section 153(1)]</i>			
Electricity consumed for the production of steel billets, ingots and mild steel (MS products) excluding stainless steel by steel melters, steel re-rollers, composite steel units (registered for the purpose of Chapter XI of Sales Tax Special Procedure Rules, 2007)	Re. 1 per unit of electricity consumed		Non-adjustable/ Final Tax
TELEPHONE USERS <i>[Section 236 & Division V Part IV First Schedule]</i>			
Mobile phone bills and prepaid telephone cards	12.5%		Advance Tax
Landline bills exceeding Rs. 1,000	10%		
Post-paid internet and prepaid internet cards	12.5%		
SALE BY AUCTION <i>[Section 236A & Division VIII Part IV First Schedule]</i>			
Sale of property, goods or lease of right by public auction or tender	10%	15%	Advance Tax
Sale of lease of the right to collect tolls	10%	15%	Final Tax
PURCHASE DOMESTIC OF AIR TICKETS <i>[Section 236B & Division IX Part IV First Schedule]</i>			
Tickets for routes of Baluchistan coastal belt, Azad Jammu and Kashmir, FATA, Gilgit-Baltistan and Chitral	Exempt		Not Applicable
Other routes	5%		Advance Tax

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SALE OR TRANSFER OF IMMOVABLE PROPERTY <i>[Section 236C & Division X Part IV First Schedule]</i>			
To be collected from seller or transferor at the time of recording or attesting the transfer, where holding period of property is up to 3 years	1%	2%	Advance Tax
To be collected from seller or transferor at the time of registering or attesting the transfer, where holding period of property is above 3 years	0%		
FUNCTIONS AND GATHERINGS <i>[Section 236D & Division XI Part IV First Schedule]</i>			
To be collected from a person arranging or holding a function on total amount of bill and also for food, service or facility	5%		Advance Tax
Function of marriage for Islamabad, Lahore, Multan, Faisalabad, Rawalpindi, Gujranwala, Bahawalpur, Sargodha, Sahiwal, Sheikhpura, Dera Ghazi Khan, Karachi, Hyderabad, Sukkur, Thatta, Larkana, Mirpur Khas, Nawabshah, Peshawar, Mardan, Abbottabad, Kohat, Dera Ismail Khan, Quetta, Sibi, Loralai, Khuzdar, Dera Murad Jamali and Turbat	5% of the bill ad valorem or Rs.20,000 per function whichever is higher		
For cities other than mentioned below	5% of the bill ad valorem or Rs.10,000 per function whichever is higher		
CABLE OPERATORS AND OTHER ELECTRONIC MEDIA <i>[Section 236F & Division XIII Part IV First Schedule]</i>			
From IPTV, FM Radio, MMDS, Mobile TV, Mobile Audio, Satellite TV Channel and Landing Rights	20% of the permission fee or renewal fee		Advance Tax
From cable operators	Various Rates		
From every TV channel in respect of screening or viewing Foreign TV Drama serial or a play in any language other than English.	50% of the permission fee or renewal fee		
TAX ON SALES TO DISTRIBUTORS, DEALERS AND WHOLESALERS BY MANUFACTURERS AND COMMERCIAL IMPORTERS <i>[Section 236G & Division XIV Part IV First Schedule]</i>			
On sale of fertilizers	0.7%	1.4%	Advance Tax
On sale of electronics, sugar, cement, iron & steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint, batteries or foam	0.1%	0.2%	

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TAX ON SALES TO RETAILERS & WHOLESALERS BY MANUFACTURERS, DISTRIBUTORS, DEALERS, WHOLESALERS OR COMMERCIAL IMPORTERS <i>[Section 236H & Division XV Part IV First Schedule]</i>			
On sale of electronics	1%	1%	Advance Tax
On sale of sugar, cement, iron & steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint, batteries or foam	0.5%	1%	
TAX ON SALES OF CERTAIN PETROLEUM PRODUCTS <i>[Section 236HA & Division XVA Part IV First Schedule]</i>			
On supply of petroleum products to a petrol pump operator or distributor	0.5%	1%	Advance Tax
COLLECTION OF TAX BY EDUCATIONAL INSTITUTIONS WHERE FEE EXCEEDS RS. 200,000/- <i>[Section 236I & Division XVI of Part IV of First Schedule]</i>			
From residents	5%		Advance Tax
From non-residents	Exempt		Not Applicable
TAX ON DEALERS, COMMISSION AGENTS AND ARHATIS ON ISSUANCE/ RENEWAL OF LICENSE <i>[Section 236J & Division XVII Part IV First Schedule]</i>			
To be collected by market committees	Various Rates		Advance Tax
PURCHASE OR TRANSFER OF IMMOVABLE PROPERTY <i>[Section 236K & Division XVIII Part IV First Schedule]</i>			
Value up to Rs. 4 Million	0%		Advance Tax
Value exceeding Rs. 4 Million	2%	4%	

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INTERNATIONAL AIR TICKETS [Section 236L & Division XX Part IV First Schedule]			
First/ executive class	Rs.16,000 per person		Advance Tax
Others excluding economy	Rs.12,000 per person		
Economy	Nil		
ALL TYPE OF BANKING TRANSACTIONS OF NON-FILERS [Section 236P & Division XXI Part IV First Schedule]			
Transactions otherwise through cash up to Rs.50,000 per day	Not Applicable	Not Applicable	Not Applicable
Transactions otherwise through cash above Rs.50,000 in aggregate from all bank accounts per day	Not Applicable	0.4%	Advance tax
RENT OR PAYMENT FOR RIGHT TO USE MACHINERY AND EQUIPMENT [Section 236Q & Division XXIII Part IV First Schedule]			
To be collected in case of industrial, commercial & scientific equipment and machinery	10%		Final Tax
The deduction shall not be applicable in the following cases: a. agricultural machinery; and b. machinery owned and leased by leasing companies, investment banks, modarabas, scheduled banks or DFIs			
EDUCATION RELATED EXPENSES REMITTED ABROAD [Section 236R & Division XXIV Part IV First Schedule]			
Remittance of tuition fee, boarding & lodging expenses, payments for distant learning programs and any other expense related to foreign education	5%		Advance tax
ADVANCE TAX ON INSURANCE PREMIUM [Section 236U & Division XXV Part IV First Schedule]			
General insurance premium	0%	4%	Advance tax
Life insurance premium exceeding Rs. 0.3 million per annum	0%	1%	
Others	0%		

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ADVANCE TAX ON EXTRACTION OF MINERALS [Section 236V & Division XXVI Part IV First Schedule]			
Value of minerals extracted, produced, dispatched & carried away from licensed or leased areas of mines – to be collected by provincial revenue authority/ board	0%	5%	Advance tax
ADVANCE TAX ON PURCHASE OR TRANSFER OF IMMOVEABLE PROPERTY [Section 236W]			
To be collected by person responsible for registering, recording or attesting transfer of any immovable property on value computed with reference to section 111(4)	0%	3%	Advance tax
ADVANCE TAX ON PURCHASE OF TOBACCO [Section 236X]			
To be collected by Pakistan Tobacco Board or its contractor on value of tobacco purchased by a person including manufacturers of cigarettes	0%	5%	Advance tax
ADVANCE TAX ON REMITTANCE ABROAD THROUGH CREDIT, DEBIT OR PREPAID CARDS [Section 236Y & Division XVXVII Part IV First Schedule]			
Gross amount remitted from abroad	1%	3%	Advance tax

Disclaimer: The above details have been compiled from the Income Tax Ordinance, 2001 updated to the effect of proposals vide Finance Bill, 2018 and have been published by us on April 28, 2017 for general awareness. We have exercised due professional care in compiling the above details, however, the above constitutes our general interpretation of applicable tax statute and does not constitute any opinion or advice and may also not be acceptable to taxation authorities in any 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. We expressly disclaim any responsibility towards any person relying on the details given above.