

**Rates for Withholding (Income) Tax, Updated to the Effect of Proposed Changes vide the Finance Bill, 2019**

**APPLICABLE FOR TAX YEAR 2020**

Nature of Payment	Tax Rate		Nature of Tax (Advance/ Final/ Minimum Tax)
	Persons appearing in ATL	Person not appearing in ATL	
<b>IMPORTS</b> [Section 148 & Part II First Schedule]			
Industrial undertaking importing remeltable steel and directly reduced iron for its own use	1%	2%	<p><b>Advance tax</b> in the case of:</p> <ul style="list-style-type: none"> <li>- Raw material or plant &amp; machinery imported by industrial undertakings for own use;</li> <li>- imports by large Import houses;</li> <li>- motor vehicles in CBU condition imported by manufacturers of motor vehicles</li> <li>- Foreign produced film for screening &amp; viewing purposes</li> </ul> <p><b>Minimum Tax</b></p> <ul style="list-style-type: none"> <li>- Goods sold same condition they were imported</li> <li>- Edible Oil</li> <li>- Packing Material</li> <li>- in case of import of plastic raw material (PCT heading 39.01 to 39.12), packing material and edible oil</li> </ul>
Persons importing potassic fertilizers under ECC's decision No.ECC-155/12/2004 dt. 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			
Designated buyer of LNG importing on behalf of Govt. of Pakistan	1%	2%	
Persons importing Pulses	2%	4%	
Industrial undertaking, importing plastic raw material (PCT Heading 39.01 to 39.12) for its own	1.75%	Companies: 11% Others: 12%	
Commercial importers, importing plastic raw material (PCT Heading 39.01 to 39.12)	4.5%		
Commercial imports covered under S.R.O. 1125(I)/2011 dated the 31 Dec 2011	3%	6%	
Persons importing coal	4%	8%	
Persons importing finished pharmaceutical products that are not manufactured in Pakistan, as certified by the Drug Regulatory Authority of Pakistan	4%	8%	
Ship breaker on import of ships	4.5%	9%	
Companies and industrial undertakings not covered above	5.5%	11%	
Others	6%	12%	
<b>DIVIDEND, INCLUDING DIVIDEND IN SPECIE</b> [Section 150, 236S, Division I Part III First Schedule & Clause 11B Part IV Second Schedule]			
Dividend from a company where no tax is payable by such company due to exemption of income or carry forward of business losses or claim of any tax credits	25%	50%	<b>Final Tax</b>
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%	0%	
Other cases, including repatriation of after-tax profits by branches of foreign companies	15%	30%	

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<b>RETURN ON INVESTMENT IN SUKUKS</b> <i>[Section 150A, Division IB Part III First Schedule]</i>			
Received by Company	15%	30%	<b>Final Tax</b>
Received by an individual or an AOP, if the profit is more than Rs. 1 Million	12.5%	25%	
Received by an individual or an AOP, if the profit is less than Rs. 1 Million	10%	20%	
<b>PROFIT ON DEBT</b> <i>[Section 151 &amp; Division IA Part III First Schedule]</i>			
Where debt yield is up to Rs. 500,000	10%		<b>Advance Tax</b> in the case of companies <b>Minimum tax</b> in other cases
Where debt yield is above Rs. 500,000	15%	30%	
<b>PAYMENTS TO NON-RESIDENTS</b> <i>[Section 152, Division IV Part I First Schedule &amp; Division II Part III First Schedule]</i>			
Royalty or fee for technical services	15%	30%	<b>Minimum Tax</b>
Fee for offshore digital services	5%	10%	<b>Minimum Tax</b>
Contracts or related services	7%	14%	<b>Minimum Tax</b>
Insurance or re-insurance premium	5%	10%	<b>Minimum Tax</b>
Advertisement services to a non-resident media person relaying from outside Pakistan	10%	10%	
Execution of contract by sportpersons	10%	20%	<b>Minimum Tax</b>
Any other receipt	20%	40%	

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<b>PAYMENTS TO PERMANENT ESTABLISHMENT (PE) OF NON-RESIDENTS</b> [Section 152 & Division II Part III First Schedule]			
Sale/ supply of goods by PE of non-resident company	4%	8%	<b>Minimum Tax</b>
Sale/ supply of goods by PE of other non-residents	4.5%	9%	
Rendering/ providing of services by PE of non-resident company	8%	16%	<b>Minimum Tax</b>
Rendering/ providing of services by PE of other non-residents	10%	20%	
Rendering/ providing of transport services	2%	4%	
Execution of contract other than contract for sale or services by PE of non-resident company	7%	14%	<b>Minimum Tax</b>
Execution of contract other than contract for sale or services by PE of other non-residents	7%	14%	
<b>PAYMENT FOR FOREIGN PRODUCED COMMERCIALS</b> [Section 152A]			
Payment against foreign produced advertisement commercial to non-residents	20%		<b>Final Tax</b>
<b>PAYMENTS FOR SUPPLY OF GOODS</b> [Section 153(1)(a), Division III Part III First Schedule & Clause (24A) Part II Second Schedule]			
Sale of rice, cotton seed oil and edible oil	1.5%	3%	<b>Advance Tax</b> in case of listed companies and companies engaged in manufacturing. <b>Minimum Tax</b> for other cases
Sale by distributors of cigarettes & pharmaceutical products and large import houses	1%	2%	
Sale of goods by FMCG distributors, which are companies	2%	4%	
Sale of goods by FMCG distributors, which are not companies	2.5%	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"> <li>- Imported goods sold by an importer where tax u/s 148 has been paid</li> <li>- 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</li> <li>- Purchase of an asset under a lease &amp; buy back agreement by modarabas, leasing/ banking companies or financial institutions</li> </ul>			

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<b>PAYMENTS FOR SERVICES</b> <i>[Section 153(1)(b), 153(2), Division III Part III First Schedule &amp; Division IV Part III First Schedule]</i>			
Person providing advertising services (electronic & print media services)	1.5%	3%	<b>Minimum Tax</b>
Persons providing transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined u/c (133) of Part I of Second Sched., tracking services, advertising services (other than by print or electronic media), share registered services, engineering services, car rental services, building maintenance services, services rendered by PSE and PMEL, inspection, certification, testing and training services	4%	8%	<b>Minimum Tax</b>
Companies providing other services	8%	16%	<b>Minimum Tax</b>
Non-company entities providing other services	10%	20%	<b>Minimum Tax</b>
By export houses for services rendered for stitching, dying, printing, embroidery, washing, sizing & weaving	1%	2%	<b>Minimum Tax</b>
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			
<b>PAYMENT ON ACCOUNT OF EXECUTION OF CONTRACTS</b> <i>[Section 153(1)(c) &amp; Division III Part III First Schedule]</i>			
To companies	7%	14%	<b>Advance Tax</b> for listed companies <b>Minimum Tax</b> for non-listed companies
To sportsperson	10%	20%	<b>Minimum Tax</b>
To others	7.5%	15%	
<b>PAYMENT OF ROYALTY TO RESIDENT PERSONS</b> <i>[Section 153B &amp; Division IIIB of Part III First Schedule ]</i>			
On gross amount of royalty	15%	30%	<b>Advance Tax</b>

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<b>EXPORTS</b> [Section 154 & Division IV Part III First Schedule & Clause (47C) Part IV Second Schedule]]				
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%	<b>Final Tax</b> Exporters may opt at the time of filing of return that the tax collected to be treated as <b>Minimum Tax</b>	
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%		
<b>PROPERTY INCOME/ RENTALS</b> [Section 155 & Division V Part III First Schedule]				
To companies	15% of the gross amount of rent		<b>Advance tax</b>	
To individuals & AOPs	<b>Annual Rent (Rs.)</b>		<b>Advance tax</b>	
	<b>From</b>	<b>To</b>		<b>Tax Rate</b>
	Up to 200,000			NIL
	200,001	600,000		5% of the amount exceeding Rs. 200,000
	600,001	1,000,000		Rs.20,000 + 10% of the amount exceeding Rs. 600,000
	1,000,001	2,000,000		Rs.60,000 + 15% of the amount exceeding Rs. 1,000,000
	2,000,001	4,000,000		Rs.210,000 + 20% of the amount exceeding Rs. 2,000,000
	4,000,001	6,000,000		Rs.610,000 + 25% of the amount exceeding Rs. 4,000,000
6,000,001	8,000,000	Rs.1,110,000 + 30% of the amount exceeding Rs. 6,000,000		
	Above 8,000,000	Rs.1,710,000 + 35% of the amount exceeding Rs. 8,000,000		

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<b>PRIZES AND WINNINGS</b> <i>[Section 156 &amp; Division VI Part III First Schedule]</i>			
Prize on prize bonds and cross-word puzzle	15%	30%	<b>Final Tax</b>
Winnings from a raffle, lottery, prize on winning a quiz or prizes related to companies' sales promotion schemes	20%	40%	
<b>PETROLEUM PRODUCTS</b> <i>[Section 156A &amp; Division VIA Part III First Schedule]</i>			
Commission or discount to petrol pump operators on petroleum products	12%	24%	<b>Final Tax</b>
<b>WITHDRAWAL OF BALANCE UNDER PENSION FUND</b> <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		<b>Final Tax</b> (Separate Block of Income)
Withdrawal in excess of 50% of accumulated balance at or after the retirement age			
<b>CASH WITHDRAWALS FROM BANKS</b> <i>[Section 231A, Division VI Part IV First Schedule &amp; Clause (28B) Part II Second Schedule]</i>			
Exchange company, duly licensed and authorized by SBP, subject to specified conditions	0.15%		<b>Advance Tax</b>
Cash withdrawals from Pak Rupee bank accounts where foreign remittances credited directly such accounts	Exempt	Exempt	<b>Exempt</b>
Other cases, where total withdrawal in a day exceeds Rs. 50,000 from all bank accounts	Exempt	0.6%	<b>Advance Tax</b>
<b>TRANSACTIONS IN BANK – Banking instrument purchased against payment in cash</b> <i>[Section 231AA &amp; 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	Exempt	0.6%	<b>Advance Tax</b>

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<b>TAX ON MOTOR VEHICLES</b> [Section 231B, 234, Division VII Part IV First Schedule & Division III Part IV First Schedule]			
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		<b>Advance Tax</b>
On value of motor vehicle leased by Leasing companies, Schedule bank, Investment bank, DFIs or Modaraba	0%	4%	<b>Advance Tax</b>
<b>BROKERAGE &amp; COMMISSION</b> [Section 233 & Division II Part IV First Schedule]			
Advertising agents	10%	20%	<b>Minimum Tax</b>
Life Insurance Agents where commission received is less than Rs. 0.5 million per annum	8%	16%	
Others	12%	24%	
<b>COLLECTION OF TAX BY STOCK EXCHANGES IN LIEU OF TAX ON COMMISSION</b> [Section 233A & Division IIA Part IV First Schedule]			
On purchase of shares	0.02%	0.04%	<b>Advance Tax</b>
On sale of shares	0.02%	0.04%	
<b>COLLECTION BY TAX BY NCCPL FROM MEMBERS OF STOCK EXCHANGES</b> [Section 233AA & Division IIB Part IV First Schedule]			
In respect of financing of carryover trade, margin financing, margin trading nor securities lending in shares business	10%		<b>Advance Tax</b>
<b>CNG STATIONS</b> [Section 234A & Division VIB Part III First Schedule]			
On the amount of gas bill	4%	6%	<b>Minimum Tax</b>

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<b>ELECTRICITY CONSUMPTION</b> <i>[Section 235, Division IV of Part IV of First Schedule &amp; Clause (66) Part IV Second Schedule]</i>			
Electricity bill of commercial or industrial consumers [Exporters-cum-manufacturers are exempt from this collection]	Various rates		<b>Minimum Tax</b> (for Non-corporate tax payers up to Rs. 360,000) <b>Advance Tax</b> (for other cases)
<b>DOMESTIC ELECTRICITY CONSUMPTION</b> <i>[Section 235A &amp; Division XIX Part IV First Schedule]</i>			
Where the amount of monthly bill is less than Rs. 75,000.	0%		<b>Advance Tax</b>
Where the monthly bill is Rs. 75,000 and above	7.5%		
<b>STEEL MELTERS, RE-ROLLERS ETC.</b> <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)	Rs. 1 per unit of electricity consumed		<b>Non-adjustable/ Final Tax</b>
<b>TELEPHONE USERS</b> <i>[Section 236 &amp; Division V Part IV First Schedule]</i>			
Mobile phone bills and prepaid telephone cards	12.5%		<b>Advance Tax</b>
Landline bills exceeding Rs. 1,000	10%		
Post-paid internet and prepaid internet cards	12.5%		
<b>SALE BY AUCTION</b> <i>[Section 236A &amp; Division VIII Part IV First Schedule]</i>			
Sale of property, goods or lease of right by public auction or tender	10%	20%	<b>Advance Tax</b>
Sale of lease of the right to collect tolls	10%	20%	<b>Final Tax</b>



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<b>PURCHASE DOMESTIC OF AIR TICKETS</b> <i>[Section 236B &amp; Division IX Part IV First Schedule]</i>			
Tickets for routes of Baluchistan coastal belt, Azad Jammu and Kashmir, FATA, Gilgit-Baltistan and Chitral	Exempt		<b>Not Applicable</b>
Other routes	5%		<b>Advance Tax</b>
<b>SALE OR TRANSFER OF IMMOVABLE PROPERTY</b> <i>[Section 236C &amp; 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 5 years	1%	2%	<b>Advance Tax</b>
To be collected from seller or transferor at the time of registering or attesting the transfer, where holding period of property is above 5 years	0%		
<b>FUNCTIONS AND GATHERINGS</b> <i>[Section 236D &amp; 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%		<b>Advance Tax</b>
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.	Higher of 5% of the bill ad valorem or Rs.20,000 per function		<b>Advance Tax</b>
For cities other than those mentioned above	Higher of 5% of the bill ad valorem of Rs.10,000 per function		

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<b>CABLE OPERATORS AND OTHER ELECTRONIC MEDIA</b> <i>[Section 236F &amp; 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		<b>Advance Tax</b>
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		
<b>TAX ON SALES TO DISTRIBUTORS, DEALERS AND WHOLESALERS BY MANUFACTURERS AND COMMERCIAL IMPORTERS</b> <i>[Section 236G &amp; Division XIV Part IV First Schedule]</i>			
On sale of fertilizers	0.7%	1.4%	<b>Advance Tax</b>
On sale of electronics, sugar, cement, iron & steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint, batteries or foam	0.1%	0.2%	
<b>TAX ON SALES TO RETAILERS &amp; WHOLESALERS BY MANUFACTURERS, DISTRIBUTORS, DEALERS, WHOLESALERS OR COMMERCIAL IMPORTERS</b> <i>[Section 236H &amp; Division XV Part IV First Schedule]</i>			
On sale of electronics	1%	2%	<b>Advance Tax</b>
On sale of sugar, cement, iron & steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint, batteries or foam	0.5%	1%	
<b>TAX ON SALES OF CERTAIN PETROLEUM PRODUCTS</b> <i>[Section 236HA &amp; Division XVA Part IV First Schedule]</i>			
On supply of petroleum products to a petrol pump operator or distributor	0.5%	1%	<b>Advance Tax</b>

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<b>COLLECTION OF TAX BY EDUCATIONAL INSTITUTIONS WHERE FEE EXCEEDS RS. 200,000/-</b> [Section 236I & Division XVI of Part IV of First Schedule]			
From residents		5%	Advance Tax
From non-residents		Exempt	Not Applicable
<b>TAX ON DEALERS, COMMISSION AGENTS AND ARHATIS ON ISSUANCE/ RENEWAL OF LICENSE</b> [Section 236J & Division XVII Part IV First Schedule]			
To be collected by market committees	Various Rates		Advance Tax
<b>PURCHASE OR TRANSFER OF IMMOVABLE PROPERTY</b> [Section 236K & Division XVIII Part IV First Schedule]			
On fair market value	1%	2%	Advance Tax
<b>INTERNATIONAL AIR TICKETS</b> [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		
<b>ALL TYPE OF BANKING TRANSACTIONS OF NON-FILERS</b> [Section 236P & Division XXI Part IV First Schedule]			
Transactions otherwise through cash above Rs.50,000 in aggregate from all bank accounts per day	Not Applicable	0.6%	Advance tax

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<b>RENT OR PAYMENT FOR RIGHT TO USE MACHINERY AND EQUIPMENT</b> <i>[Section 236Q &amp; Division XXIII Part IV First Schedule]</i>			
To be collected in case of industrial, commercial & scientific equipment and machinery		10%	<b>Final Tax</b>
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			
<b>EDUCATION RELATED EXPENSES REMITTED ABROAD</b> <i>[Section 236R &amp; Division XXIV Part IV First Schedule]</i>			
Remittance of tuition fee, boarding & lodging expenses, payments for distant learning programs and any other expense related to foreign education		5%	<b>Advance tax</b>
<b>ADVANCE TAX ON INSURANCE PREMIUM</b> <i>[ Section 236U &amp; Division XXV Part IV First Schedule]</i>			
General insurance premium	0%	4%	<b>Advance tax</b>
Life insurance premium exceeding Rs. 0.3 million per annum	0%	1%	
Others	0%		
<b>ADVANCE TAX ON EXTRACTION OF MINERALS</b> <i>[ Section 236V &amp; Division XXVI Part IV First Schedule]</i>			
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%	<b>Advance tax</b>
<b>ADVANCE TAX ON PURCHASE OF TOBACCO</b> <i>[Section 236X]</i>			
To be collected by Pakistan Tobacco Board or its contractor on value of tobacco purchased by a person including manufacturers of cigarettes	0%	5%	<b>Advance tax</b>

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<b>ADVANCE TAX ON REMITTANCE ABROAD THROUGH CREDIT, DEBIT OR PREPAID CARDS</b> [ Section 236Y & Division XVXVII Part IV First Schedule]			
Gross amount remitted from abroad	1%	3%	<b>Advance tax</b>

**Disclaimer:** The above details have been compiled from the Income Tax Ordinance, 2001 updated to the effect of proposals vide Finance Bill, 2019 and have been published by us on June 12, 2019 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.

**Tariq Abdul Ghani Maqbool & Co.**  
**Chartered Accountants**  
Karachi, June 12, 2019