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FEDERAL BUDGET 2020-21

Income Tax Rate Card

Tax Year 2021

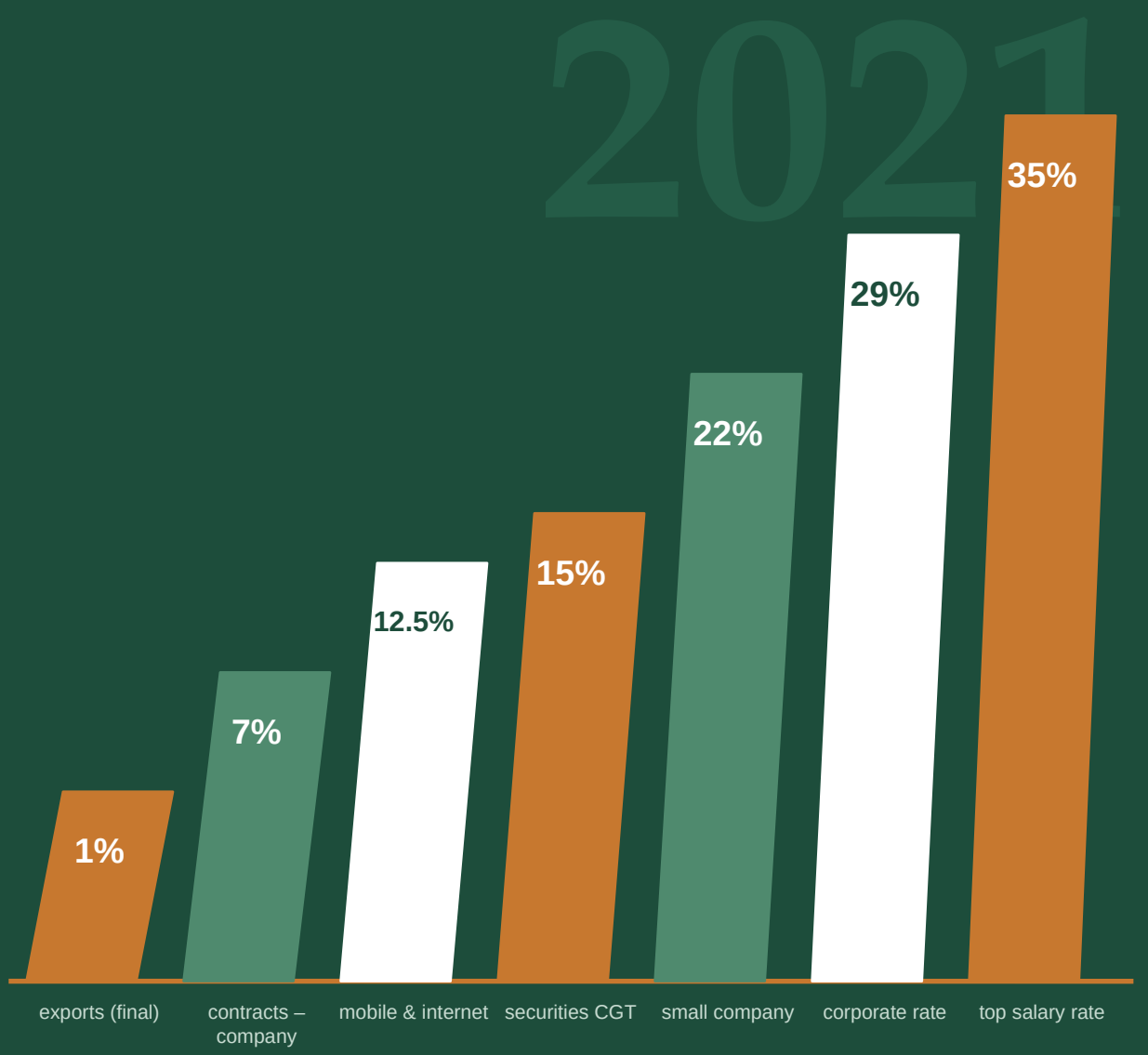
As per Finance Act, 2020 · 1 July 2020 – 30 June 2021

Composed & Researched by Khuram Shahzad, Corporate Consultant

Rs 7.14 tn
Budget outlay

Rs 4.96 tn
FBR target

2.1%
GDP growth target



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PREAMBLE

Economy at a glance & foreword

–0.38%
Real GDP growth FY20 (provisional)

US$ 1,366
Per-capita income FY20 (–6.1%)

Rs 41.7 tn
GDP at current prices FY20

Rs 4.96 tn
FBR target FY21

FY2019-20 was overshadowed by COVID-19. Stabilisation had cut the current account deficit by 73% to US$2.8 billion in July–March, but the lockdowns pushed provisional GDP growth to –0.38%, the first contraction in 68 years. Per-capita income fell to US$1,366 and FBR's target was revised down. The 'no new taxes' budget for FY2020-21 (outlay about Rs 7.14 trillion; federal PSDP Rs 650 billion) targeted 2.1% growth, 6.5% inflation and a fiscal deficit of 7% of GDP, with an FBR target of Rs 4,963 billion.

The Finance Act, 2020 keeps income tax rates unchanged for Tax Year 2021 and focuses on relief and simplification: lower capital gains tax on property, a special regime for builders and developers, support for hotels and construction, a wider 3% services list and the repeal of eight withholding provisions. This booklet sets out the rates, checked against the Act and the FBR Withholding Tax Rates Card updated to 30 June 2020.

With best regards,

Khuram Shahzad
Corporate Consultant
Taxationist Corporate Consultants, Islamabad

Sources: Pakistan Economic Survey 2019-20 (Finance Division, 11 June 2020); Federal Budget 2020-21 (12 June 2020).

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01

Salient Features

The key income tax changes made by the Finance Act, 2020 for Tax Year 2021, in brief

- Business & relief measures
- Capital gains & investment
- Withholding & compliance

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SALIENT FEATURES

Business & relief measures

No change in slabs

Salaried: exempt up to Rs 600,000, 12 slabs from 5% to 35%. Non-salaried & AOPs: exempt up to Rs 400,000, 8 slabs to 35%.

Corporate rates

Companies 29%; banks 35% plus 4% super tax under s.4B. Small companies 22% under the scheduled reduction.

Builders & developers (s.100D)

Optional fixed tax under the Eleventh Schedule for new or incomplete projects finished by 30 September 2022.

Hotel industry relief

Hotel company losses for tax years from 1 July 2020 carried forward for eight years instead of six.

Depreciation half-year rule

Assets first used from TY2021 get 50% of normal depreciation in the year of use and in the year of disposal.

Expense disallowances

Cash payment limit raised to Rs 250,000. Up to 10% of expenses disallowed on large sales to unregistered persons (from 1 Oct 2020).

SALIENT FEATURES

Capital gains & investment

Property CGT cut

Gains on immovable property now taxed at 2.5% to 10% by size of gain (was 5% to 20%). Gains are exempt after four years.

Holding-period fractions

Only part of the gain is taxed: 100% within a year, 75% in year two, 50% in year three, 25% in year four.

s.236C seller relief

Advance tax on sale of property not collected where the property was held for more than four years (was five).

Dividend – new 25% rate

25% where the paying company pays no tax because of exemption, losses or tax credits. Mutual funds and others: 15%.

Sukuk returns

Rate for sukuk-holder companies raised to 25%. Individuals and AOPs: 12.5% above Rs 1m and 10% up to Rs 1m.

Tonnage tax for shipping

New Pakistan-flag ship-owning companies (registered after 15 Nov 2019) pay US 75 cents per GRT. Regime extended to 2030.

SALIENT FEATURES

Withholding & compliance

8 provisions repealed

s.156B (pension fund), 235B (steel melters), 236D (functions), 236F (cable TV), 236J (market committees), 236R, 236U and 236X.

3% services list widened

Warehousing, asset management, PTA-licensed data services and telecom tower services added. Toll manufacturing treated as goods.

Offshore digital services

Fees for offshore digital services now Pakistan-source income of non-residents, taxed at 5% under s.6 and s.152(1C).

Non-resident PEs

Tax deducted under s.152(2A) made minimum tax, except on goods sold by a company that manufactures them.

School fee (s.236I)

5% advance tax on annual fees above Rs 200,000 now collected only from parents not on the Active Taxpayers' List.

Auctions & statements

Auction of immovable property taxed at 5% under s.236A. Withholding statements under s.165 now quarterly.

02

Income Tax Rates

First Schedule, Part I – salaried and non-salaried slabs, companies, super tax, minimum tax, profit on debt, dividends and capital gains

Salaried	Non-salaried & AOPs	Companies & super tax
Minimum tax & s.7B	Dividend & profit on debt	Capital gains

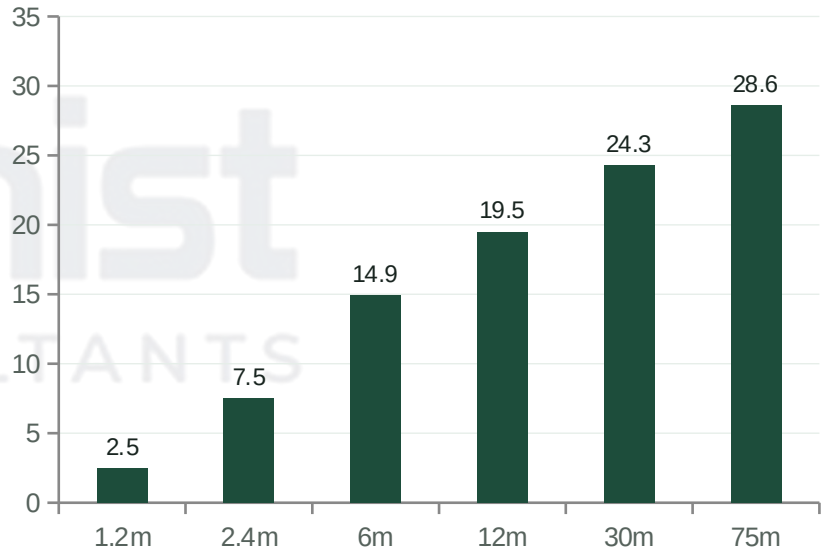
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PART I · DIVISION I · CLAUSE (1A)

Salaried individuals

#	Taxable income (Rs)	Rate of tax
1	Up to 600,000	0%
2	600,001 – 1,200,000	5% of amount exceeding 600,000
3	1,200,001 – 1,800,000	30,000 + 10% of amount exceeding 1,200,000
4	1,800,001 – 2,500,000	90,000 + 15% of amount exceeding 1,800,000
5	2,500,001 – 3,500,000	195,000 + 17.5% of amount exceeding 2,500,000
6	3,500,001 – 5,000,000	370,000 + 20% of amount exceeding 3,500,000
7	5,000,001 – 8,000,000	670,000 + 22.5% of amount exceeding 5,000,000
8	8,000,001 – 12,000,000	1,345,000 + 25% of amount exceeding 8,000,000
9	12,000,001 – 30,000,000	2,345,000 + 27.5% of amount exceeding 12,000,000
10	30,000,001 – 50,000,000	7,295,000 + 30% of amount exceeding 30,000,000
11	50,000,001 – 75,000,000	13,295,000 + 32.5% of amount exceeding 50,000,000
12	Above 75,000,000	21,420,000 + 35% of amount exceeding 75,000,000

Effective salary tax (%) by taxable income



Who it covers

Individuals whose salary exceeds 75% of taxable income. Employers deduct monthly under s.149.

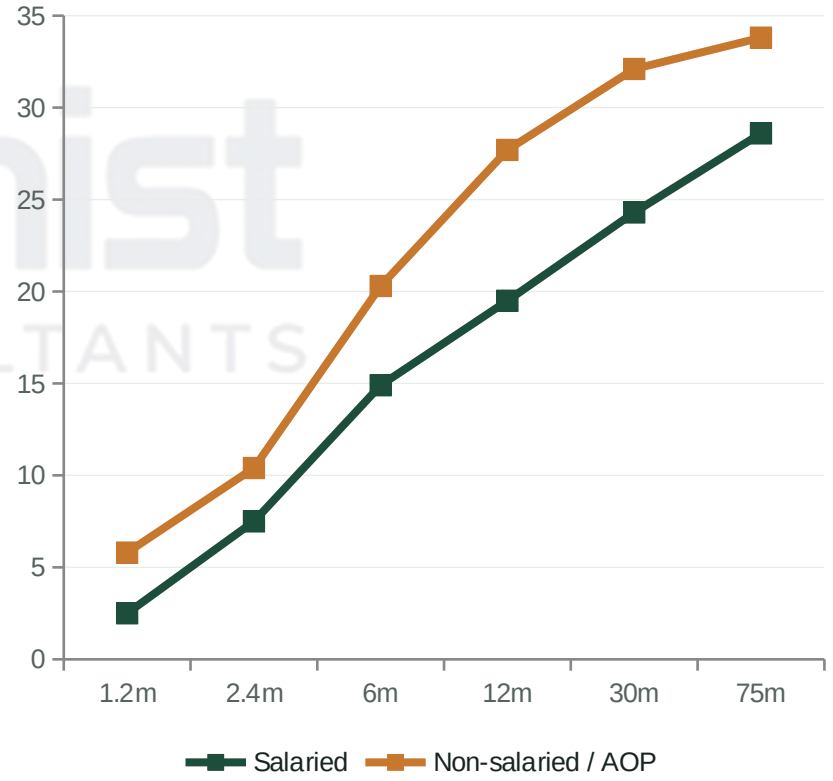
PART I · DIVISION I · CLAUSE (1)

Non-salaried individuals & AOPs

#	Taxable income (Rs)	Rate of tax
1	Up to 400,000	0%
2	400,001 – 600,000	5% of amount exceeding 400,000
3	600,001 – 1,200,000	10,000 + 10% of amount exceeding 600,000
4	1,200,001 – 2,400,000	70,000 + 15% of amount exceeding 1,200,000
5	2,400,001 – 3,000,000	250,000 + 20% of amount exceeding 2,400,000
6	3,000,001 – 4,000,000	370,000 + 25% of amount exceeding 3,000,000
7	4,000,001 – 6,000,000	620,000 + 30% of amount exceeding 4,000,000
8	Above 6,000,000	1,220,000 + 35% of amount exceeding 6,000,000

Applies to individuals with business, property or other income, salaried individuals whose salary is 75% or less of taxable income, and associations of persons.

Salaried vs non-salaried effective rate (%)



PART I · DIVISION II · SECTIONS 4B, 113C & 100D

Companies – corporate, super & alternate tax

29%
Companies (other than banking & small)
Div II

35%
Banking companies
Div II

22%
Small companies
Div II, s.2(59A)

17%
Alternate Corporate Tax on accounting profit
s.113C

4%
Super tax – banking companies
s.4B, Div IIA

Item	Rate / treatment	Reference
Tax payable by a company	Higher of normal tax, minimum tax on turnover (s.113) and ACT (s.113C)	s.113, s.113C
Super tax – other than banking companies	0% for tax year 2020 onwards (2% for TY2019 on income of Rs 500m or more)	s.4B, Div IIA
Builders & developers opting for s.100D	Fixed tax per sq. ft / sq. yd under the Eleventh Schedule; minimum tax and ACT do not apply	s.100D
Payments to non-residents (s.6)	15% of royalty or fee for technical services; 5% on fee for offshore digital services (FA 2020)	Div IV, Part I
AOPs	Same slabs as non-salaried individuals	Div I, clause (1)

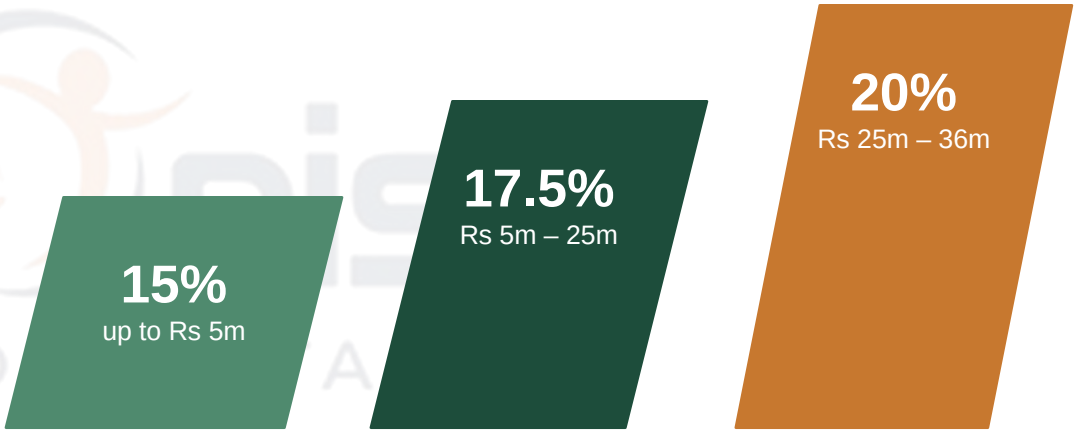
PART I · DIVISIONS IX & IIIA · SECTIONS 113 & 7B

Minimum tax on turnover & profit on debt

Minimum tax on turnover – Division IX	Rate
OMCs, oil refineries, SSGC & SNGPL (turnover above Rs 1bn); PIA; poultry industry; fertilizer dealers & distributors; online marketplaces	0.75%
Distributors of pharma, FMCG & cigarettes; petroleum agents & distributors (sales tax registered); rice mills & dealers; flour mills	0.25%
Motorcycle dealers registered under the Sales Tax Act, 1990	0.3%
In all other cases	1.5%

Excess minimum tax is carried forward for adjustment against tax of the following years as allowed by s.113. Minimum tax and ACT do not apply to builders and developers opting for s.100D.

Profit on debt of individuals & AOPs – s.7B



Final tax for individuals and AOPs on profit on debt up to Rs 36 million (Division IIIA); amounts above Rs 36 million are taxed at normal slab rates. Companies are taxed at the corporate rate.

PART III · DIVISIONS I, IA & IB · SECTIONS 150, 150A & 151

Dividend & profit on debt

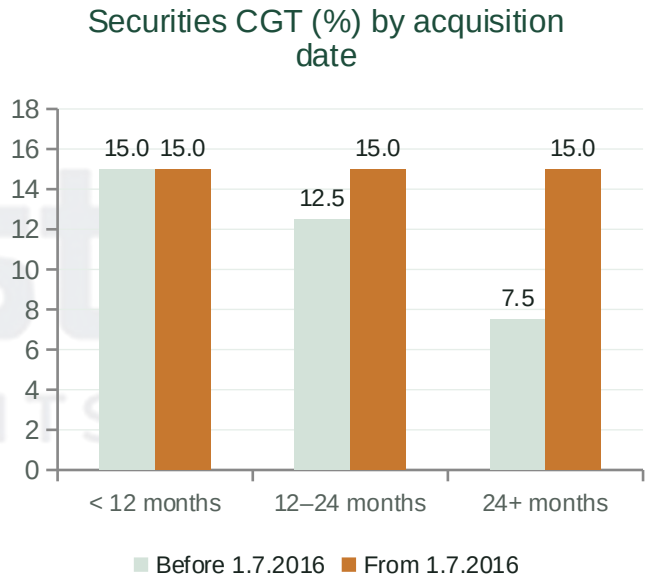
Nature of income	ATL	Non-ATL	Reference
Dividend (s.5 / s.150)			
Dividend from IPPs where dividend is a pass-through item	7.5%	15%	Div I, Part III
Mutual funds and cases other than IPPs and (ba) below	15%	30%	Div I, Part III
Company paying no tax (exemption, carried-forward losses or tax credits) – new (ba)	25%	50%	Div I, Part III
Dividend in specie (s.236S) – IPPs / others	7.5% / 15%	15% / 30%	Div XXVI, Part IV
Return on sukuk (s.150A)			
Sukuk-holder is a company (raised from 15% by FA 2020)	25%	50%	Div IB, Part III
Individual / AOP – return above Rs 1m / up to Rs 1m	12.5% / 10%	25% / 20%	Div IB, Part III
Profit on debt (s.151)			
Profit on debt under s.151(1)(a)–(d) – up to Rs 500,000	10%	20%	Div IA, Part III
Profit on debt under s.151(1)(a)–(d) – above Rs 500,000	15%	30%	Div IA, Part III

Non-ATL rates reflect rule 1 of the Tenth Schedule (100% increase). Rates per FBR Withholding Tax Rates Card updated to 30 June 2020.

PART I · DIVISION VII · SECTION 37A

Capital gains on securities

Holding period	Acquired before 1 July 2016	Acquired on / after 1 July 2016
Less than 12 months	15%	15%
12 months or more but less than 24 months	12.5%	15%
24 months or more (acquired on or after 1 July 2013)	7.5%	15%
Security acquired before 1 July 2013	0%	0%
Future commodity contracts by PMEX members	5%	5%



How it is collected

Rates for tax years 2018, 2019, 2020 and onwards (table amended by FA 2020). Gains on listed securities are computed and collected by NCCPL under s.100B and the Eighth Schedule. Non-resident gains on debt instruments and government securities through SCRA: 10% under s.152(1D).

PART I · DIVISION VIII · SECTION 37(1A)

Capital gains on immovable property

Step 1 – taxable gain by holding period (s.37(1A))	Taxable gain
Does not exceed 1 year	100%
Exceeds 1 year but not 2 years	75%
Exceeds 2 years but not 3 years	50%
Exceeds 3 years but not 4 years	25%
Exceeds 4 years	0%

Step 2 – rate on the gain (Division VIII, FA 2020)	Rate
Gain does not exceed Rs 5 million	2.5%
Exceeds Rs 5m but not Rs 10m	5%
Exceeds Rs 10m but not Rs 15m	7.5%
Exceeds Rs 15 million	10%

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Illustration

A plot bought for Rs 20m is sold for Rs 28m after 18 months. Gain Rs 8m × 75% = taxable gain Rs 6m, which falls in the Rs 5m – 10m band: tax at 5% = Rs 300,000. Had it been held for more than four years, no CGT would arise, and s.236C advance tax would not be collected from the seller.

03

Withholding Tax Rates

Deduction at source on imports, salary, dividends, profit on debt, non-residents, supplies, services, contracts, exports, rent and prizes

Imports	Salary & dividends	Non-residents
Goods & services	Exports & rent	Prizes & petroleum

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SECTION 148 · PART II, FIRST SCHEDULE (SUBSTITUTED BY FA 2020)

Imports

Section	Nature of payment / transaction	ATL	Non-ATL	Reference
148	Goods in Part I, Twelfth Schedule	1%	2%	Part II, S.No. 1
148	Manufacturers covered under rescinded SRO 1125(I)/2011 importing items in that SRO	1%	2%	Part II, proviso (a)
148	Goods in Part II, Twelfth Schedule	2%	4%	Part II, S.No. 2
148	Goods in Part III, Twelfth Schedule	5.5%	11%	Part II, S.No. 3
148	Finished pharmaceutical products not made in Pakistan (DRAP certified)	4%	8%	Part II, proviso (b)
148	Mobile phones – CBU, PCT 8517.1219: fixed amount per set by C&F value	Rs 70 – 5,200	Rs 140 – 10,400	Part II, proviso
148	Mobile phones – CKD / SKD, PCT 8517.1211: fixed amount per set by C&F value	Rs 0 – 11,500	Rs 0 – 23,000	Part II, proviso

Collected by Customs on import value as increased by customs duty, sales tax and FED. FA 2020 replaced the earlier list of importer categories with the three Twelfth Schedule rates; the FBR card still shows some legacy categories, so the Act is followed here.

SECTIONS 149, 150, 150A & 151

Salary, dividend & profit on debt

Section	Nature of payment / transaction	ATL	Non-ATL	Reference
Salary – s.149 (Tenth Schedule does not apply)				
149	Employer deducts monthly at Division I, clause (1A) slab rates (5% – 35%)	Slab rates	Same	Div I, Part I
149(3)	Directorship fee or fee for attending board meetings	20%	20%	s.149(3)
Dividend – s.150 and sukuk – s.150A				
150	IPPs / mutual funds & others / company paying no tax	7.5% / 15% / 25%	15% / 30% / 50%	Div I, Part III
150A	Sukuk – company / individual & AOP above Rs 1m / up to Rs 1m	25% / 12.5% / 10%	50% / 25% / 20%	Div IB, Part III
Profit on debt – s.151				
151(1)(a)	National savings schemes & post office savings accounts	10% / 15%	20% / 30%	Div IA, Part III
151(1)(b)	Bank & financial institution accounts or deposits	10% / 15%	20% / 30%	Div IA, Part III
151(1)(c)–(d)	Government securities; bonds, certificates, debentures & other instruments	10% / 15%	20% / 30%	Div IA, Part III

Profit on debt: lower rate where the profit paid is up to Rs 500,000; higher rate above Rs 500,000.

SECTIONS 152 & 152A · DIVISIONS II & IV

Payments to non-residents

Section	Nature of payment / transaction	ATL	Non-ATL	Reference
152(1)	Royalty and fee for technical services	15%	30%	Div IV, Part I
152(1A)	Contracts / construction, assembly or installation projects; TV satellite advertising	7%	7%	Div II, Part III
152(1AA)	Insurance or re-insurance premium	5%	10%	Div II, Part III
152(1AAA)	Advertisement services relaying from outside Pakistan (minimum tax – FA 2020)	10%	10%	Div II, Part III
152A	Foreign-produced commercials for TV or other media	20%	20%	s.152A
152(1C)	Fee for offshore digital services	5%	5%	Div IV, Part I
152(1D)	Capital gains on debt instruments & government securities via SCRA	10%	10%	Div II, Part III
152(2)	Payments to non-residents not otherwise specified	20%	40%	Div II, Part III
152(2A)(a)	PE of non-resident – sale of goods: company / others	4% / 4.5%	8% / 9%	Div II, Part III
152(2A)(b)	PE – services: specified services / company / others	3% / 8% / 10%	6% / 16% / 20%	Div II, Part III
152(2A)(c)	PE – contracts: sportspersons / others	10% / 7%	20% / 14%	Div II, Part III

FA 2020: tax under s.152(2A) is minimum tax, except on goods sold by a manufacturing company. Non-ATL increase per FBR clarification UO 20157 (4.9.2019). Treaty relief is subject to s.107.

SECTIONS 153 & 153B · DIVISION III, PART III

Payments for goods, services & contracts

Section	Nature of payment / transaction	ATL	Non-ATL	Reference
Sale of goods incl. toll manufacturing – s.153(1)(a) (no deduction below Rs 75,000 a year)				
153(1)(a)	Rice, cotton seed oil or edible oils; supplies to Utility Stores by non-companies	1.5%	3%	Div III, Part III
153(1)(a)	Supplies by distributors of FMCG – company / others	2% / 2.5%	4% / 5%	Div III, Part III
153(1)(a)	Sale of other goods – company / any other case	4% / 4.5%	8% / 9%	Div III, Part III
Rendering of services – s.153(1)(b) (no deduction below Rs 30,000 a year)				
153(1)(b)	Specified services (transport, IT, warehousing, AMCs, data, towers, etc.)	3%	6%	Div III, Part III
153(1)(b)	Electronic and print media for advertising / other services – company / others	1.5% / 8% / 10%	3% / 16% / 20%	Div III, Part III
Contracts – s.153(1)(c), exporters – s.153(2) and royalty – s.153B				
153(1)(c)	Contracts – sportspersons / company / any other case	10% / 7% / 7.5%	20% / 14% / 15%	Div III, Part III
153(2)	Stitching, dyeing, printing, embroidery, washing etc. services to exporters	1%	2%	Div III, Part III
153B	Royalty paid to a resident person	15%	30%	Div IIIB, Part III

SECTIONS 154, 155, 156 & 156A

Exports, rent, prizes & petroleum

Section	Nature of payment / transaction	ATL	Non-ATL	Reference
154(1)	Export proceeds realised (final)	1%	1%	Div IV, Part III
154(2)	Commission of indenting agents and export buying houses	5%	5%	Div IV, Part III
154(3)–(3C)	Indirect exports, EPZ, DTRE cases and clearance of exported goods	1%	1%	Div IV, Part III
155	Rent of immovable property – company	15%	15%	Div V, Part III
156	Prize bond or cross-word puzzle / raffle, lottery, quiz or sales promotion	15% / 20%	30% / 40%	Div VI, Part III
156A	Commission to petrol pump operators on petroleum products	12%	24%	Div VIA, Part III

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Rent – individuals & AOPs (s.155)	Rate of tax
Up to Rs 200,000	Nil
Rs 200,001 – 600,000	5% of amount exceeding Rs 200,000
Rs 600,001 – 1,000,000	Rs 20,000 + 10% of amount exceeding Rs 600,000
Rs 1,000,001 – 2,000,000	Rs 60,000 + 15% of amount exceeding Rs 1m
Rs 2,000,001 – 4,000,000	Rs 210,000 + 20% of amount exceeding Rs 2m
Rs 4,000,001 – 6,000,000	Rs 610,000 + 25% of amount exceeding Rs 4m
Rs 6,000,001 – 8,000,000	Rs 1,110,000 + 30% of amount exceeding Rs 6m
Above Rs 8,000,000	Rs 1,710,000 + 35% of amount exceeding Rs 8m

Tenth Schedule does not apply to s.154 and s.155 – same rate for non-ATL.

04 Advance Tax & Collection

Part IV, First Schedule – banking transactions, air travel, motor vehicles, commission, utilities, auctions, property, distributors and others

Banking & air travel	Motor vehicles	Commission & transport
Utilities & auctions	Immovable property	Distributors & others

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SECTIONS 231A, 231AA, 233AA, 236B, 236L & 236P

Banking transactions, NCCPL & air travel

Section	Nature of payment / transaction	ATL	Non-ATL	Reference
231A	Cash withdrawal from a bank exceeding Rs 50,000 in a day	–	0.6%	Div VI, Part IV
231AA	Cash sale of bank instruments (DD, PO, CDR, STDR etc.) exceeding Rs 25,000 a day	–	0.6%	Div VI, Part IV
231AA(2)	Transfer of any sum against cash through online / telegraphic / mail transfer above Rs 25,000 a day	–	0.6%	Div VI, Part IV
236P	Banking instruments and transfers by cheque / clearing / online above Rs 50,000 a day	–	0.6%	Div XXI, Part IV
233AA	NCCPL – margin financing in share business (on mark-up or interest)	10%	10%	s.233AA
236B	Purchase of domestic air ticket	5%	5%	Div XI, Part IV

s.236L – international air ticket	Per person
First / executive class	Rs 16,000
Others excluding economy	Rs 12,000
Economy	Nil

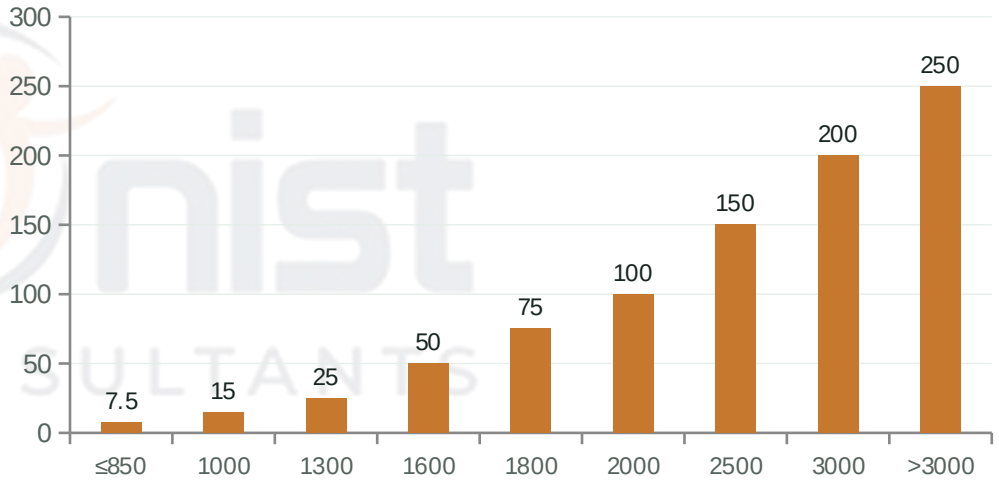
Banking-transaction taxes apply only to persons not on the Active Taxpayers' List; tax on filers was omitted by the Finance Supplementary (Second Amendment) Act, 2019.

SECTION 231B(1), (1A) & (3) · DIVISION VII, PART IV

Motor vehicle registration & sale by manufacturer

Engine capacity – s.231B(1) & (3)	ATL	Non-ATL
Up to 850cc	Rs 7,500	Rs 15,000
851cc – 1,000cc	Rs 15,000	Rs 30,000
1,001cc – 1,300cc	Rs 25,000	Rs 50,000
1,301cc – 1,600cc	Rs 50,000	Rs 100,000
1,601cc – 1,800cc	Rs 75,000	Rs 150,000
1,801cc – 2,000cc	Rs 100,000	Rs 200,000
2,001cc – 2,500cc	Rs 150,000	Rs 300,000
2,501cc – 3,000cc	Rs 200,000	Rs 400,000
Above 3,000cc	Rs 250,000	Rs 500,000

Advance tax (Rs '000) by engine cc – ATL



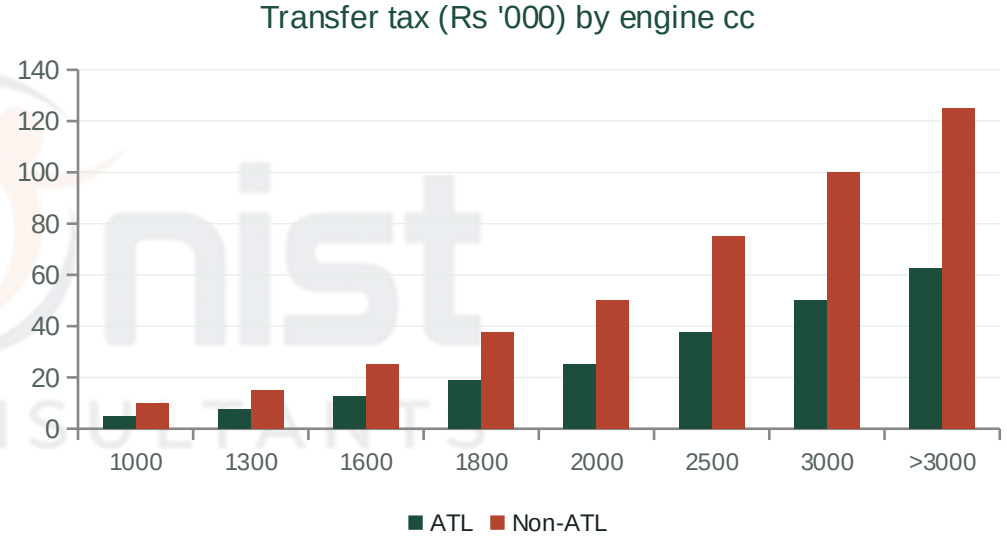
Leasing – s.231B(1A)

4% of the value of a motor vehicle leased to a person not on the ATL, collected by the leasing company, bank, DFI or modaraba. FA 2020: rickshaws and vehicles up to 200cc are not motor vehicles for s.231B.

SECTION 231B(2) · DIVISION VII, PART IV

Transfer of registration or ownership

Engine capacity – s.231B(2) transfer	ATL	Non-ATL
Up to 850cc	Nil	Nil
851cc – 1,000cc	Rs 5,000	Rs 10,000
1,001cc – 1,300cc	Rs 7,500	Rs 15,000
1,301cc – 1,600cc	Rs 12,500	Rs 25,000
1,601cc – 1,800cc	Rs 18,750	Rs 37,500
1,801cc – 2,000cc	Rs 25,000	Rs 50,000
2,001cc – 2,500cc	Rs 37,500	Rs 75,000
2,501cc – 3,000cc	Rs 50,000	Rs 100,000
Above 3,000cc	Rs 62,500	Rs 125,000



Collection
Collected by the motor vehicle registering authority at the time of transfer of registration or ownership. Adjustable advance tax.

SECTIONS 233, 234 & 234A · DIVISIONS II, III & V, PART IV

Commission, transport vehicles & CNG

Section	Nature of payment / transaction	ATL	Non-ATL	Reference
233	Advertising agents	10%	20%	Div II, Part IV
233	Life insurance agents – commission below Rs 0.5m per annum	8%	16%	Div II, Part IV
233	Persons not covered above (brokerage & commission)	12%	24%	Div II, Part IV
234	Goods transport vehicles – per kg of laden weight	Rs 2.50	Rs 5.00	Div III, Part IV
234	Goods transport of 8,120 kg or more, after 10 years from first registration	Rs 1,200 p.a.	Rs 2,400 p.a.	Div III, Part IV
234A	CNG stations – on the amount of gas bill	4%	8%	Div V, Part IV

Passenger transport plying for hire – per seat per annum (s.234)	ATL	Non-ATL
4 to 9 persons	Rs 50	Rs 100
10 to 19 persons	Rs 100	Rs 200
20 persons or more	Rs 300	Rs 600

s.233 applies where commission is paid by the Federal, Provincial or Local Government, a company or an AOP constituted under any law.

SECTION 234 · DIVISION III, PART IV

Private motor vehicles – annual & lump sum

Engine capacity	Annual – ATL	Annual – Non-ATL	Lump sum – ATL	Lump sum – Non-ATL
Up to 1,000cc	Rs 800	Rs 1,600	Rs 10,000	Rs 20,000
1,001cc – 1,199cc	Rs 1,500	Rs 3,000	Rs 18,000	Rs 36,000
1,200cc – 1,299cc	Rs 1,750	Rs 3,500	Rs 20,000	Rs 40,000
1,300cc – 1,499cc	Rs 2,500	Rs 5,000	Rs 30,000	Rs 60,000
1,500cc – 1,599cc	Rs 3,750	Rs 7,500	Rs 45,000	Rs 90,000
1,600cc – 1,999cc	Rs 4,500	Rs 9,000	Rs 60,000	Rs 120,000
2,000cc and above	Rs 10,000	Rs 20,000	Rs 120,000	Rs 240,000

Collected with the token tax (annual) or in lump sum by the motor vehicle registering authority. Adjustable advance tax.

SECTIONS 235, 235A, 236 & 236A · PART IV

Electricity, telephone & auctions

Commercial & industrial electricity bill (s.235)	Tax
Up to Rs 400	Rs 0
Rs 401 – 600 / 601 – 800 / 801 – 1,000	Rs 80 / 100 / 160
Rs 1,001 – 1,500 / 1,501 – 3,000	Rs 300 / 350
Rs 3,001 – 4,500 / 4,501 – 6,000	Rs 450 / 500
Rs 6,001 – 10,000 / 10,001 – 15,000	Rs 650 / 1,000
Rs 15,001 – 20,000	Rs 1,500
Above Rs 20,000	12% commercial / 5% industrial
Domestic (s.235A): bill Rs 75,000 or more	7.5% of the bill

Section	Nature	Rate
236	Telephone (other than mobile) – bill above Rs 1,000	10%
236	Internet, mobile, prepaid cards & electronic units	12.5%
236A	Public auction or tender of property / goods, incl. lease – ATL / non-ATL	10% / 20%
236A	Auction of immovable property (new proviso – FA 2020)	5%

FA 2020: s.236A also covers renewal of licences sold by auction, and tax is collected with each instalment. The FBR card shows single rates for s.235 and s.236 (no non-ATL increase).

SECTIONS 236C & 236K · DIVISIONS X & XVIII, PART IV

Sale & purchase of immovable property

s.236C – seller (gross consideration)

ATL	Non-ATL
1%	2%

Not collected where the property was held for more than four years (FA 2020)

s.236K – buyer / allottee (fair market value)

ATL	Non-ATL
1%	2%

Also on instalments for purchase or allotment (s.236K(3))

Both are adjustable advance taxes collected by the registering, recording or attesting authority, including housing authorities and co-operative societies. Non-ATL rates increased by 100% under the Tenth Schedule.

SECTIONS 236G – 236Y · PART IV

Distributors, retailers, education & others

Section	Nature of payment / transaction	ATL	Non-ATL	Reference
236G	Sales to distributors, dealers & wholesalers – fertilizer / others	0.7% / 0.1%	1.4% / 0.2%	Div XIV, Part IV
236H	Sales to retailers – electronics / others	1% / 0.5%	2% / 1%	Div XV, Part IV
236HA	Sale of certain petroleum products – on ex-depot sale price	0.5%	1%	Div XVA, Part IV
236I	Educational institutions – fee above Rs 200,000 a year (non-ATL payers only – FA 2020)	–	5%	Div XVI, Part IV
236Q	Rent or right to use machinery & equipment (now minimum tax – FA 2020)	10%	10%	Div XXIII, Part IV
236V	Extraction of minerals – on value of minerals extracted (non-ATL)	–	5%	Div XXVI, Part IV
236Y	Remittances abroad through credit, debit or prepaid cards	1%	2%	Div XXVII, Part IV

Repealed by the Finance Act, 2020

- 156B pension withdrawal
- 235B steel melters
- 236D functions
- 236F cable TV
- 236J market committees
- 236R foreign education
- 236U insurance premium
- 236X tobacco

GENERAL NOTES

ATL status, nature of tax & disclaimer

Active Taxpayers' List

ATL rates apply to persons on the ATL on the date of payment. Otherwise rule 1 of the Tenth Schedule increases the rate by 100%. Per the FBR card it does not apply to s.149, 154, 155, 233AA, 236 and 236Q, and applies to s.152 only for the sub-sections shown.

Final, minimum or adjustable

Exports under s.154, dividends, profit on debt under s.7B, prizes and petroleum commission are final. Withholding on goods, services and contracts and, from TY2021, s.152(2A) and s.236Q are minimum; most Part IV collections are adjustable.

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Statutory references

Divisions refer to the First Schedule to the Income Tax Ordinance, 2001 as amended by the Finance Act, 2020, read with the Tenth, Eleventh and Twelfth Schedules. Many Part IV provisions shown here were repealed later by the Finance Act, 2021.

Disclaimer

Prepared from the Finance Act, 2020 and the FBR Withholding Tax Rates Card (updated to 30 June 2020) as a ready reference. The Ordinance prevails in case of conflict. Please seek professional advice before acting.

ABOUT US

Taxationist Corporate Consultants

Taxationist Corporate Consultants is an Islamabad-based professional services firm that puts clients first. We give ethical, practical advice across taxation, corporate law, finance and litigation, with a focus on compliance and sustainable growth.

Our team handles tax registrations, returns and wealth statements, withholding compliance, audits and appeals before FBR and SRB; company incorporation and regulatory filings with SECP, PEC, PESB, EOBI, PESSI, chambers and AEDB; and onsite or offsite bookkeeping, payroll and financial statements.

Tax & litigation

Corporate & legal advisory

Business & financial advisory

Accounting & reporting

Get in touch

107, 1st Floor, Paris Business Centre, Soan Garden, Islamabad

+92 51 8773477

+92 310 5197057

info@taxationist.com

www.taxationist.com

Monday – Friday, 9:00 am – 5:00 pm

Taxationist
CORPORATE CONSULTANTS

Tax · Corporate · Advisory · Accounting

107, 1st Floor, Paris Business Centre, Soan Garden, Islamabad

+92 51 8773477 · WhatsApp +92 310 5197057 · info@taxationist.com

www.taxationist.com

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