

**Government of Pakistan  
Revenue Division  
Federal Board of Revenue**  
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C.No.1(107)Secy(ITC)/2020

Islamabad, the 22<sup>nd</sup> December, 2020

**CIRCULAR NO. 07 OF 2020**  
**(Income Tax)**

**Subject: CLARIFICATION REGARDING TAX RATE UNDER SECTION 151 OF THE INCOME TAX ORDINANCE, 2001**

General rate of tax deduction on profit on debt under section 151 of the Income Tax Ordinance, 2001 is 15% of the profit. However, proviso to the Division IA of the Part III of the First Schedule to the Income Tax Ordinance, 2001, provides that tax rate shall be 10% in cases where the taxpayer furnishes a certificate to the payer of the profit on debt that during the tax year, total yield or profit payable in his case shall remain at Rupees 500,000/- or less.

2. Queries have been received regarding nature or format of the above referred certificate. It is clarified that the required certificate is to be furnished by the recipient of the profit on debt to the payer of such profit to the effect that total profit on debt received/receivable during the tax year from all investments in his case shall not exceed Rs. 500,000/-. The requisite certificate can be submitted on plain paper.



**(SAID IQBAL)**

Secretary (Income Tax Clarification)