

Compendium of Withholding of Taxes under the Income Tax Ordinance, 2001 & Rules Thereof (Amended up to 27th February, 2015)



Preface

Tax administrators all over the world and particularly in the developing countries like Pakistan face major problems of non-reporting and under-reporting of income. Government has introduced various liberal Self Assessment Schemes; with the objective of encouraging voluntary compliance encompassing virtually all the taxpayers including limited companies irrespective of income level; however the objective of broadening of tax base has not been achieved.

The withholding and presumptive tax regimes are not new, however generally these are applicable to only those persons whose incomes are likely to be difficult to determine accurately, easier to evade, or more likely to cross national boundaries. These were initially introduced vide Section 18(3BB) of the Income Tax Act, 1922 in India, through which tax was imposed on trading in Liquor, Timber and other Forest Produce.

The scope of these provisions was further extended through Income Tax Ordinance, 1979 and both the Regimes have come into full force more specifically after amendment made through the Finance Act, 1991 onward. Prior to July 1991, taxation on presumption was restricted only to the non-residents deriving receipts from shipping, air transport business and having fee from technical services. The then Finance Minister in his budget speech stated that in order to save the taxpayers from the cumbersome assessment procedure and delay in refund; the tax withheld from payments to the contractors, suppliers and commercial importers would be final. We all are fully aware of the fact that major quantum of the total tax revenue is being collected through withholding regime.

Conversely, in Pakistan, withholding tax law has been made applicable to almost all the categories of taxpayers and nature of payment. The direct taxes have been weaved into the texture of indirect taxes. Furthermore, the withholding agents, who are collecting taxes on Government's behalf without any remuneration, are being punished heavily even for an inadvertent mistake; whereas the superior courts on numerous occasions held that machinery provision of a fiscal statute should be interpreted in such a manner that recovery is not frustrated or statute adversely affected, achieve the object of recovery one cannot travel beyond the spirit of law and cause violence to the language and intention of statute. It is also held that machinery provision can be extended only to the extent it is permissible under the law. One cannot override the rights of other parties only because a recovery has to be made. The Honorable courts have emphasized that such provisions have their own limitation and they are to be found within the statute itself. Therefore, machinery provision of fiscal statute should be liberally construed to ensure recovery.

The Income Tax Ordinance, 2001 provides for following three modes of collecting taxes in advance. However, in this publication/compilation, we will discuss the mode, manner and legal aspects related to the deduction and collection of tax at source in detail: -

1. Advance Tax directly liable to be paid;
2. Deduction at source; or
3. Collection at source.

The scope of withholding tax and type of withholding agents has been increased many fold in the last couple of years and getting more complex with the passage of time. Now the taxation officers may recover the tax not deducted or collected as required under the various provisions of the Income Tax Ordinance 2001 from the payee; whereas before this amendment such tax was recoverable from the payer only.

The default surcharge for nonpayment or late payment of tax deducted or collected and stringent, irrational & exorbitant penalties for non-filing or late filing of prescribed statements are being imposed in almost all the cases where such default is observed by the taxation officers, even without establishing *mens rea* in this regard. Moreover, in view of the influx of various notifications, instructions, and circulars in respect of such deduction it has become impossible for taxpayers as well as legal fraternity to monitor and assess their current obligations in this regard.

In the present publication, we have made an effort to compile the legal provisions scattered in various sections, schedules, circulars and statutory notifications related to collection/deduction of tax and payment thereof and provide comments wherever deemed fit with utmost care, to make it user friendly, to serve as a general guide & ready-reckoner for the convenience of the users. We have provided comparison of rate of tax to be collected or deducted under various provisions for the tax year 2015 with 2014. This publication also provides categories of withholding agents, status of tax collected/deducted (*i.e. adjustable or final*) and related legal provisions for ready reference. However, in case if, any omission or error is noticed at any place, the user is requested to please let us know the same for appropriate amendment(s)/modification(s) and is advised to refer to the original sources.

This publication is product of the minds and hands of many persons and some of those deserve special acknowledgement and deep appreciation. The undersigned wishes to express thanks to the outstanding office colleagues Mr. Muhammad Hanif Khatri, Mr. Absar A. Khan, Mr. Abdul Wahab, Mr. Ehtisham Qadir and Mr. Mohammad Ayoub, who extended their legal acumen and assistance during preparation of this publication and without their untiring effort compilation of this compendium/publication would not have been possible.

We hope this humble effort would be useful to all the readers and take this opportunity to convey our heartfelt thanks and gratitude for their continuous support and guidance to make our publication most effective and useful.

We also bow our heads before the Almighty Allah in all humility for the numerous blessings bestowed upon us and pray to Him to continue to shower His choicest blessings on all of us and our families. Ameen

Warmest regards,



(ABDUL QADIR MEMON)

CONTENTS

S. No.	Particulars	Pages
1	Comparative Table of Withholding Tax Rates for the Tax Year 2015 with Tax Year 2014 and status of Tax Collection/Deduction along with Notes	01
2	Legal Provisions for (a) Filing of Monthly & Annual Statements (b) Payment of tax collected or deducted (c) Default Surcharge for non-payment of tax (d) Penalties for non or late filing of statements and (e) Concept of “Filer and “Non-Filer”.	31

Comparative Table of Withholding Tax Rates for the Tax Years 2014 and 2015.

Comparative Table of Withholding Tax Rates for the Tax Years 2014 and 2015

CONTENTS

S. No.	Section	Particulars	Pages
1	148 Read with Part II of First Schedule	Collection of tax at Import Stage on value of goods as increased by Customs duty sand Sales Tax imported by	01
2	149 read with Division 1A of Part I of the First Schedule	Salary	04
3	150 read with Division (III) of Part I of the First Schedule	Dividend	04
4	151	Profit on debt	06
5	152 Sub-Section (1) Sub-Section (1A)	Payments to Non-Residents	08
6	Sub-Section 152 (2A)]	Payment PE of Non-Resident	09
7	153 Sub-Section (1)	<i>Payment for Goods, Services and execution of a Contract Gross amount payable for:</i>	10
8	Sub-Section 1(b)	Transport Services	11
9	Sub-Section 1(c)	Execution of Contract in the Case	11
10	153 (2)	For rendering of or providing services of stitching, dying, printing, embroidery, washing, sizing and weaving	12
11	154 Sub-Section (1), (3), (3A), (3B) or (3C)	Exports	13
12	Sub-Section (2)	Indenting Commission	13
13	155 read with Section 16	Income from Property	14
14	156	Prizes and Winnings	15
15	156A	Petroleum products	15
16	156B	Withdrawal of balance under Pension Fund	15
17	231A	Cash Withdrawal	16
18	231AA	Transactions in banks	16

19	231B	Purchase of Motor Cars Jeeps	17
20	233	Brokerage & Commission	17
21	233A	Collection of tax by stock exchange	18
22	233AA	Collection of tax by National Clearing Company of Pakistan Limited (NCCPL)	18
23	234	Tax on motor vehicle	18
24	234A	CNG Stations on gas consumption charges	18
25	235	Electricity bill of Commercial or Industrial consumers	19
26	235A	Domestic electricity consumption	19
27	235B	Tax on steel melters, re-rollers etc.	19
28	236	Telephone Mobile Bills	20
29	236A	Sale by auction	20
30	236B	Purchase of Domestic Air-Ticket from every person	20
31	236C	Sale or transfer of immovable property on seller or transferor at the time of registering or attesting the transfer.	20
32	236D	Functions and gatherings – On total amount of bill of arranging or holding a function including payment of food, service or facility.	21
33	236E	Foreign TV drama serial or play dubbed in Urdu or any other regional language.	21
34	236F	Cable operators and other electronic media. On issuance or renewal of license for distribution services to operators and media.	21
35	236G	Sales of Electronic, Sugar, Cement, Iron & Steel products, Fertilizer, Motorcycles, Pesticides, Cigarette's, Glass, Textile, Beverages, Paint or Foam Sector to distributors, dealers and wholesalers	21
36	236H	Sales of Electronics, Sugar, Cement, Iron & Steel products, Fertilizer, Motorcycles, Pesticides, Cigarettes, Glass, Textile, Beverages, Paint or Foam Sector to retailers.	22

37	236I	Amount of fee (Tuition Fee and all charges) paid to educational institutions where annual fee exceeds Rs.200,000/-.	22
38	236J	Issuance or renewal of license to Dealers, Commission agents and Arhatis etc.	23
39	236K	Purchase of immovable property	23
40	236L	Purchase of international air ticket	23
41	236M	Bonus Shares issued by companies quoted on stock exchange	24
42	236N	Bonus Shares issued by companies quoted on stock exchange	24
43	37A read with Division VII	Capital Gain on disposal of Securities	24
44	149	Income on Salary	26
45	155	Income from Property	27
46	231B	Purchase of Motor Vehicle	28
47	234	Tax on Motor Vehicle	28
48	235	Electricity Consumption	29
49	236E	Advance Tax on Foreign Produced Films and TV Plays	29
50	236F	Advance Tax on Cable Television Operators and Other Electronic Media	30
51	236J	Advance Tax on Dealers, Commission Agents and Arhalls etc.	30
52	Related Legal Provisions		31 to 34

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

The following table summarizes withholding tax rates for all Classes of persons and treatment of withholding tax as adjustable or final tax liability along with exemptions.

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction		
			2014	2015	2015		
					Individual & AOP	Company	
148 Read with Part II of First Schedule	The Collector of Custom.	Collection of tax at Import Stage on value of goods as increased by Customs duty sand Sales Tax imported by					
		1. (i) Industrial undertaking Importing remeltable steel (PCT Heading 72-4) and directly reduced iron for its own use.	1% [Clause (9B) of Part II of Second Schedule]	*Filer - 1% *Non-Filer - 1.5%	Adjustable	Adjustable	
		(ii) Import of potassic fertilizers in pursuance of Economic Coordination Committee's of the Cabinet's decision No.ECC-155/12/2004 dated 09-12-2004.	1% [Clause (13E) of Part II of Second Schedule]	*Filer - 1% *Non-Filer - 1.5%	¹ Final	¹ Final	
		(iii) Import of Urea	1% [Clause 23) of Part II of Second Schedule]	1%	¹ Final	¹ Final	
		(iv) All importers of the film in the case of foreign produced film imported for the purpose of Screening and viewing: • Companies • Other than Companies	12%	5.5%	Adjustable	Adjustable	
			12%	6.0%	Adjustable	Adjustable	
		2. Import of pulses	2% [Clause (24) of Part II of Second Schedule]	*Filer - 2% *Non-Filer - 3%	¹ Final	¹ Final	
* Rates modified vide SRO 136 (I)/2015 dated 13-02-2015							

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
		3. Import by persons covered under SRO 1125(1)2011 dated 31 December 2011: (i) Manufacturer	1%	* Filer - 1% * Non-Filer-1.5%	Adjustable	Adjustable
		(ii) Commercial importers	3% [Clause (9C) of Part II of Second Schedule]	* Filer-3% * Non-Filer-4.5%	¹ Final	¹ Final
		4. Ship breakers on import of ships.	Companies/Industrial undertaking 5% All others 5.5%	* Filer - 4.5% * Non-Filer-6.5%	¹ Final	¹ Final
		5. Industrial undertaking for its own use.	5% [Exempt subject to exemption certificate]	* Filer - 5.5% [Exempt subject to exemption certificate] * Non-Filer - 8%	Adjustable [Minimum tax in case Edible Oil & Packing material]	Adjustable [Minimum tax in case Edible Oil & Packing material]
		6. All Cases of Companies.	5%	* Filer – 5.5% * Non-Filer–8%	-	¹ Final
		7. All taxpayers other than industrial undertakings and companies.	5.5%	* Filer – 6% * Non-Filer–9%	¹ Final	-
		8. Import of hybrid cars with engine capacity: i) Up-to 1200 cc ii) 1201 to 1800 cc iii) 1801 to 2500 cc	Reduction in tax by 100% 50% 25% [Clause (28) of Part II of Second Schedule]	Reduction in tax by 100% 50% 25% [Clause (28) of Part II of Second Schedule]	¹ Final	¹ Final
*Rates modified vide SRO 136(I)/2015 dated 13-02-2015						

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company

Exemptions:

- Not applicable in respect of imports by the Agha Khan Development Network [**Clause (16) of Part IV of the Second Schedule**].
 - Goods classified under PCT Chapter 27, 86 and 99 [**Clause (56) of Part IV of the Second Schedule**].
 - Goods imported under Sub-Chapter 7 of Chapter XII of SRO 450(I)/2001 [**Clause (56) of Part IV of the Second Schedule**].
 - Goods temporarily imported for subsequent exportation under Notification No. 492(I)/2009 [**Clause (56) of Part IV of the Second Schedule**].
 - Manufacturing Bond Under Chapter (XV) of Customs Rules, 2001 [**Clause (56) of Part IV of the Second Schedule**].
 - Mineral oil imported by manufacturer or formulator of pesticides under Custom Notification No. SRO 857(I)/2008 [**Clause (56) of Part IV of the Second Schedule**].
- * Not applicable in respect of import of Potatoes between 5th May, 2014 and 15th November 2014, provided that such import shall not exceed 300,000 metric tons in aggregate during the said period [**Clause (56H) of Part IV of the Second Schedule**].*

***Clause (56H) inserted vide SRO No.716(I)/2014 dated 07-08-2014**

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
149 read with Division 1A of Part I of the First Schedule	Every person responsible for paying salary.	Salary	Progressive Rates (As per Note 2)	Progressive Rates (As per Note 2)	Adjustable for individual	N/A
		Director fee	6% U/s. 153(1)(b)	20%	Adjustable for individual	N/A
150 read with Division (III) of Part I of the First Schedule	Every person paying a dividend.	Dividend (On Gross Amount)				
		(a) Dividend distributed by purchaser of a power project privatized by WAPDA and company set up for power generation or on shares of a Company supplying coal exclusively to power generation projects. (Embolded for tax year 2015)	7.5% [Clause 17 & 18 of Part II of Second Schedule]	7.5%	Final	Final
		(b) Dividend payment by other companies.	10%	Filer 10% Non-Filer 15%	Final	Final
	(c) Remittance of after tax profit by a branch other than branch of a E&P companies (subject to treaty provisions, if applicable).	10%	Filer 10% Non-Filer 15%	Final	Final	

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
		(d) Dividend payment by Collective Investment Scheme or Mutual Funds:				
		i) Stock Fund	10%	10% or 12.5% (If dividend receipts are less than Capital Gains)	Final	Final
		ii) Money Market Fund, Income Fund or any other fund:				
		• Individual & AoP	10%	10%	Final	Final
		• Company	10%	25%		
Exemptions:						
<ul style="list-style-type: none"> • In respect of inter corporate dividends within the group companies entitled to group taxation [Clause (11B) of Part IV of Second Schedule]. • Not applicable in the case of venture capital company, Islamic Development Bank [Clause (38A) & (38C) of Part IV of Second Schedule]. • Payment to NIT or collective investment scheme or modaraba or approved pension fund or approved income payment plan or REIT scheme or private equity and venture capital fund or recognized provident fund or approved superannuation fund or approved gratuity fund [Clause (47B) of Part IV of Second Schedule]. • Payments to International Finance Corporation, Asian Development Bank, the ECO Trade and Development Bank [Clause (67), (69) & (71) of Part IV of Second Schedule]. 						

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
151	<ul style="list-style-type: none"> • National Saving Centre and Pakistan Post Office; • Banking Company or Financial Institution; • Federal Government, Provincial Government and Local Government; or • Finance Society. 	Profit on debt				
		(a) Yield on an account, deposit or a certificate under the National Savings Scheme or Post office Savings account	10%	Filer 10% Non-Filer 15%	Final	Adjustable
		(b) Profit on a debt, being an account or deposit maintained with a banking company or a financial institution.	10%	Filer 10% Non-Filer 15%	Final	Adjustable
		(c) Profit on any security other than profit on National Saving Scheme or Post Office Saving Account by Federal Government issued a Provincial Government or a Local Government.	10%	Filer 10% Non-Filer 15%	Final	Adjustable
		(d) Profit on any bond, certificate, debenture, security or instrument of any kind [Other than loan agreement between a borrower and a banking company or a development finance institution] issued by a banking company, a financial institution, company as defined in the Companies Ordinance, 1984 and a body corporate formed by or under any law for the time being in force, to any person other than a financial institution.	10%	Filer 10% Non-Filer 15% Provided that for a non-filer, if the yield or profit paid is Rs.500,000 or less, the rate shall be 10%	Final	Adjustable
			Tax in excess of tax deductible for filer is adjustable for non-filer if he wishes to file return of income.			

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company

Exemptions:

- In respect of inter corporate profit on debt within the group companies entitled to group taxation **[Clause (11C) of Part IV of the Second Schedule]**.
- Not applicable in respect of payment to the Agha Khan Development Network **[Clause (16) of Part IV of the Second Schedule]**.
- Not applicable in respect of payment of yield or profit on Bahbood Saving Certificate or Pensioner's Benefit Account **[Clause (36A) of Part IV of the Second Schedule]**.
- Not applicable in the case of special purpose vehicle for securitization **[Clause (38) of Part IV of the Second Schedule]**.
- Not applicable in the case of Venture Capital Company, Islamic Development Bank **[Clause (38A) & (38C) of Part IV of the Second Schedule]**.
- Payment to NIT or collective investment scheme or modaraba or approved pension fund or approved income payment plan or REIT scheme or private equity and venture capital fund or recognized provident fund or approved superannuation fund or approved gratuity fund **[Clause (47B) of Part IV of the Second Schedule]**.
- Payments to International Finance Corporation, Pakistan Domestic Sukuk Company Limited, Asian Development Bank, The ECO Trade and Development Bank **[Clause (67) of Part IV of the Second Schedule]**.

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
152	(a) <u>For Payment against</u> (i) Sale of goods; (ii) Rendering of Services; or (iii) Execution of contract. Every prescribed persons for withholding are: (a) The Federal Government; (b) A Company; (c) An association of person constituted by or under law; (d) A non-profit organization; (e) A foreign contractor or consultant; (f) A consortium or joint venture; (g) An Individual or AOP having turnover of Fifty (50) million rupees or above; or (h) A person registered under the Sales Tax Act, 1990. (b) For payment other than <u>mention in (a) above</u> Every person making payment to non-resident.	Payments to Non-Residents				
Sub-Section (1)		Royalty and Technical fee	15%	15%	Final	Final
Sub-Section (1A)		(a) A contract or sub-contract under the construction, assembly or installation project in Pakistan including a contract for the supply of supervisory activities in relation to such projects; or	6%	6%	Final	Final
		(b) Any other contract for construction or services rendered relating thereto; or	6%	6%	Final	Final
		(c) A Contract for advertisement services rendered by TV Satellite channel.	6%	6%	Final	Final

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
(1AA)		Insurance premium or re-insurance premium.	5%	5%	Final	Final
(1AAA)		Advertisement services to media person relaying from outside Pakistan.	10%	10%	Final	Final
Sub-Section (2)		Profit on debt to non-resident person not having a PE in Pakistan.	10% [Reduced rate in view of Clause (5A) of Part II of Second Schedule read with Sub-Section (2) of Sections 151 and 152]	10% [Reduced rate in view of Clause (5A) of Part II of Second Schedule read with Sub-Section (2) of Sections 151 and 152]	Adjustable/ Final in Specified situations	Adjustable/ Final in Specified Situations
		Other payments (other than Hajj Group Operator as provided under Clause (72A) of Part IV of Second Schedule up to tax year 2014).	20%	20%	Adjustable	Adjustable
[Sub-Section 152 (2A)]	(c) Every prescribed person [As defined in (a) above]	Payment PE of Non-Resident				
		(a) Sales of goods	3.5%	3.5%	Adjustable	Adjustable
		(b) (i) Transport Services	2%	2%	Adjustable	Adjustable
		(ii) Services other than transport	6%	6%	Adjustable	Adjustable
		(c) Execution of contract	6%	6%	Adjustable	Adjustable
Exemptions:						
<ul style="list-style-type: none"> • Not applicable in the case of Islamic Development Bank [Clause (38C) of Part IV of Second Schedule]. • Not applicable in the case of payments to International Finance Corporation, Asian Development Bank and the ECO Trade and Development Bank [Clause (67), (69) & (72) of Part IV of Second Schedule]. 						

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
153 Sub-Section (1)	<p>a) <u>For Payment against</u> <i>(i) Sale of goods;</i> <i>(ii) Rendering of Services; or</i> <i>(iii) Execution of contract.</i></p> <p>Every prescribed person for making payment to resident persons: a) The Federal Government; b) A Company; c) An association of person constituted by or under law; d) A non-profit organization; e) A foreign contractor or consultant; f) A consortium or joint venture; g) An Individual or AOP having turnover of Fifty (50) million rupees or above; or h) A person registered under the Sales Tax Act, 1990.</p>	Payment for Goods, Services and execution of a Contract Gross amount payable for:				
		i) Sales of rice, cotton seed or edible oils.	1.5%	1.5%	¹ Final	¹ Final
		ii) Sale of any other goods in the case of: <ul style="list-style-type: none"> • Company 	3.5%	4%	N/A	¹ Final (Adjustable for manufacturer/ listed company)
		<ul style="list-style-type: none"> • Taxpayers other than Companies 	4%	4.5%	¹ Final	N/A
		iii) Others <ul style="list-style-type: none"> • For manufacturer of cooking oil or vegetable ghee or both in respect of purchase of locally produced edible oil (Clause 13C of Part II of the Second Schedule). 	2%	2%	¹ Final	¹ Final (Adjustable for manufacturer/ listed company)
		<ul style="list-style-type: none"> • For Distributors of cigarettes and pharmaceutical products, large distribution houses and large import house (Clause 24A of Part II of the Second Schedule). 	1%	1%	¹ Final	¹ Final (Adjustable for manufacturer/ listed companies)

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
Sub-Section 1(b)	(b) For rendering or providing services mentioned in Sub-Section (2) Every exporter or an export house making payment to non-resident or Permanent Establishment in Pakistan of a non-resident person.	Transport services	2%	2%	Minimum	Adjustable
		Services other than Transport services in the case of:			N/A	Adjustable
		• Companies	6%	* Filer - 8% * Non-Filer 12%	Minimum	N/A
		• Other taxpayers	7%	* Filer - 10% * Non-Filer 15%	Final	Final
		• Services rendered outside Pakistan provided that receipts are brought into Pakistan through normal banking channel (Clause (3) of Part II of Second Schedule.	1%	1%		
Sub-Section 1(c)		Execution of contract in the case of:				
		• Companies	6%	7%	N/A	¹ Final / (Adjustable for listed company)
		• Other taxpayers • Sports person	6.5% 6.5% or 7% as per the circumstances of the case	7.5% 10%	¹ Final ¹ Final	N/A N/A
		• Construction contracts outside Pakistan provided that receipts are brought into Pakistan through normal banking channel (Clause 3A of Part II of Second Schedule)	1%	1%	Final	Final
*Rates modified vide SRO 136(I)/2015 dated 13-02-2015						

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
153(2)		<ul style="list-style-type: none"> For rendering of or providing services of stitching, dying, printing, embroidery, washing, sizing and weaving. 	0.5%	1%	¹ Final	¹ Final
<p>Exemptions:</p> <ul style="list-style-type: none"> In respect of agricultural produced purchased directly from the grower subject to conditions [Clause (12) of Part IV of Second Schedule]. In respect of payments to the Agha Khan Development Network [Clause (16) of Part IV of Second Schedule]. In the case of payments to electronic and print media services in respect of advertising services [Clause (16A) of Part IV of Second Schedule]. In the case of special purpose vehicle for securitization, Islamic Development Bank [Clause (38) & (38C) of Part IV of Second Schedule]. In the case of supply of petroleum product imported by the same person [Clause (43A) of Part IV of Second Schedule]. In the case of sale of air tickets by the traveling agents subject to condition [Clause (43B) of Part IV of Second Schedule]. In the case of payment received by petroleum agent or distributor who is registered under Sales Tax Act, 1990 [Clause (43C) of Part IV of Second Schedule]. Case of oil tanker contractor subject to conditions [Clause (43D) of Part IV of Second Schedule]. Payment received by an oil distribution company or oil refinery or permanent establishment of non-resident petroleum exploration and production (E&P) companies for supply of petroleum products [Clause (46) of Part IV of Second Schedule]. Payments received by commercial importers who have paid tax under Section 148 [Clause (47A) of Part IV of Second Schedule]. Payments to International Finance Corporation, Pakistan Domestic Sukuk Company Limited, Asian Development Bank, The ECO Trade and Development Bank [Clause (67), (68), (69) & (72) of Part IV of Second Schedule]. Steel melters, Steel re-rollers, Composite steel units, as a payer, in respect of purchase of scrap, provided that tax is collected in accordance with Section 235B, Clause (9A) of Part IV of Second Schedule. Ship breakers as recipient of payment on ships imported after 1st July, 2014 [Clause (9AA) of Part IV of Second Schedule]. 						

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
154 Sub-Section (1), (3), (3A), (3B) or (3C)	<ul style="list-style-type: none"> • Every authorised dealer in foreign exchange; • Every banking company; • The Export Processing Zone Authority established under the Export Processing Zone Authority Ordinance, 1980; • Every Direct Exporter and an export house registered under the Duty and Tax Remission for Export Rules, 2001; or • The Collector of Customs. 	Exports i) Realization of Export proceeds on account of export of goods; ii) On account sales of goods to an exporter under an inland back to back letter of credit or any other arrangement; iii) export of goods by an industrial undertaking located in an Export Processing Zone; iv) On payment to an indirect Exporters against firm contract; or v) Collection by a collector of customs at the time of clearing of goods exported.	1%	1%	Final	Final
		Indenting Commission	5%	5%	Final	Final

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company

155 read with Section 16	Following prescribed persons for withholding are: (a) The e-Federal Government; (b) A Provincial Government; (c) Local Government; (d) A Company; (e) A non-profit organization or a charitable institution; (f) A diplomatic mission of a foreign state; (g) A private educational institution, a boutique, a beauty parlour, a hospital, a clinic or a maternity home; (h) Individuals or AOP paying gross rent of Rupee 1.5 million and above in a year; or (i) Any other person notified by the Board for the purpose of this section.	Income from Property Rent of immovable property (including rent of furniture and fixtures and amount for services relating to such property and non- adjustable amount received.				
		<ul style="list-style-type: none"> • Companies • Individual and AOP 	15%	15%	Adjustable	Adjustable
			Progressive rates between 10% to 15% (As per Note No.3)	Progressive rates between 10% to 15% (As per Note No.3)		

Exemptions:

- Not applicable in respect of payment to the Agha Khan Development Network [Clause (16) of Part IV of Second Schedule].
- Payment to Pakistan Domestic Sukuk Company Limited [Clause (68) of Part IV of Second Schedule].

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
156	Every person paying prize.	Prizes and Winnings				
		i) Cash or fair value of Prize on PrizeBond winning and cross-word puzzle	15%	15%	Final	Final
		ii) Cash or value of winnings from a raffle/lottery, prize on winning a quiz, prize offered by a company for promotion of sale.	20%	20%	Final	Final
Exemption:						
<ul style="list-style-type: none"> Not applicable in respect of payment to the Agha Khan Development Network [Clause (16) of Part IV of Second Schedule]. 						
156A	Every person selling petroleum products to a petrol pump operator.	Petroleum products				
		Commission and discount allowed to the petrol pump operators.	10%	12%	¹ Final	¹ Final
156B	A Pension Fund Manager	Withdrawal of balance under Pension Fund				
		Payment from Individual Pension Fund before the retirement age or it is in excess of 50% of his accumulated balance at or after the retirement age.	Deduction of tax to be made in accordance with the Formula under section 12(6)	Deduction of tax to be made in accordance with the formula under section 12(6)	Adjustable	N/A

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
231A	Every banking company	Cash Withdrawal				
		Cash withdrawal exceeding Rs.50,000/- in a day.	0.3% of the cash amount with-drawn	Filer 0.3% of the cash amount withdrawn Non-Filer 0.5% of the cash amount withdrawn	Adjustable	Adjustable
Exemptions: <ul style="list-style-type: none"> • Not applicable in case of withdrawal made by (a) the Federal Government or a Provincial Government; (b) A foreign diplomat or a diplomatic mission in Pakistan; or (c) A person who produces a Certificate from the Commissioner that his income during the tax year is exempt. • Not applicable in respect of cash withdrawal by exchange companies duly licensed by the SBP subject to conditions [Clause (61A) of Part IV of Second Schedule]. 						
231AA	<ul style="list-style-type: none"> • Every banking company; • Non – banking financial institution; • Exchange company; or • Authorized dealer of foreign exchange. 	Transactions in banks				
		Sales against cash of any instrument including Demand Draft, Pay Order, CDR, STDR, SDR, RTC or any other instrument of bearer nature, Online Transfer, Telegraphic Transfer, Mail Transfer or any other mode of Electronic Transfer exceeding Rs.25,000/- in a day.	0.3% of the transaction	0.3% of the transaction	Adjustable	Adjustable

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
231B	<ul style="list-style-type: none"> Every motor vehicle registering authority of Excise and Taxation Department; or Every manufacturer of a motor car or jeep. 	Purchase of Motor Cars Jeeps				
		<ul style="list-style-type: none"> On registration of new locally manufactured motor vehicle; On transfer of registration or ownership of a private motor vehicle, excluding transfer of vehicle after five years from the date of first registration in Pakistan; and On sale of motor vehicle and sale of jeep by the manufacturer. 	Varying Slabs (As per Note 4)	Varying Slabs For Filer and Non-Filer (As per Note 4)	Adjustable	Adjustable
Exemptions: <ul style="list-style-type: none"> Non Applicable in the case of (a) The Federal Government; the Provincial Government; (b) the Local Government; (c) a Foreign Diplomat; or (d) a Diplomatic Mission. No collection of Advance Tax on transfer of registration or ownership of a private motor vehicle shall be made on transfer of vehicles after five years from the date of first registration in Pakistan. 						
233	<ul style="list-style-type: none"> The Federal Government; A provincial Government; Local Government; A Company; or An association of persons constituted by or under any law 	Brokerage & Commission				
		a) Payment of brokerage and Commission other than advertising agent.	10%	12%	¹ Final	¹ Final
		b) Commission to advertisement agent	5% [Clause (26) of Part II of Second Schedule]	7.5%	¹ Final	¹ Final
Exemption: <ul style="list-style-type: none"> Not applicable in the case of Venture Capital Company, Islamic Development Bank [Clause (38A) & (38C) of Part (IV) of Second Schedule]. Payment to NIT or collective investment scheme or modaraba or approved pension fund or approved income payment plan or REIT scheme or private equity and venture capital fund or recognized provident fund or approved superannuation fund or approved gratuity fund [Clause (47B) of Part IV of Second Schedule]. Payments to International Finance Corporation, Asian Development Bank, the ECO Trade and Development Bank [Clause (67), (69) & (71) of Part IV of Second Schedule]. 						

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction			
			2014	2015	2015			
					Individual & AOP	Company		
233A	All Stock Exchange registered in Pakistan.	Collection of tax by stock exchange						
		a) On purchase of shares, in lieu of commission of the member	0.01% of purchase value	0.01% of purchase value	Adjustable	Adjustable		
		b) On Sale of shares, in lieu of commission of the member	0.01% of sale value	0.01% of sale value	Adjustable	Adjustable		
233AA	National Clearing Company Pakistan Limited	Collection of tax by National Clearing Company of Pakistan Limited (NCCPL)						
		On margin financing in share business or providing any margin financing, margin trading or securities lending.	10%	10%	Adjustable	Adjustable		
Not applicable to any Mutual Fund specified in Sub-Clause (2) of Clause (57) of Part I of the Second Schedule.								
234	Person collecting motor vehicle tax.	Tax on motor vehicle						
		Registered laden weight/Seating capacity/Engine capacity	Varying rates (As per Note No. 5)	Varying rates For Filer and Non-Filer (As per Note No.5)	Adjustable	Adjustable		
234A	Person preparing gas consumption bill.	CNG Stations on gas consumption charges	4%	4%	Final	Final		

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction			
			2014	2015	2015			
					Individual & AOP	Company		
235	Person preparing electricity consumption bill.	Electricity bill of Commercial or Industrial consumers						
		(a) On electricity bill below Rs.20,000/-	Varying Rates (As per Note No. 6)	Varying Rates (As per Note No. 6)	Minimum	Adjustable		
		(b) On electricity bill exceeding Rs.20,000/-: i) Commercial consumers ii) Industrial Consumer	10% 5%	10% 5%	Minimum (Adjustable if the bill amount exceeds Rs.30,000)	Adjustable		
235A	Person preparing domestic electricity consumption bill.	Domestic electricity consumption						
		On electric bill exceeding Rs.100,000/-	N/A	7.5%	Adjustable	Adjustable		
235B	Person preparing electricity consumption bill for steel melters, re-rollers, composite steel units.	Tax on steel melters, re-rollers etc.						
		On electricity bill of steel melters, steel re-rollers, composite steel units.	N/A	Rs.1/- per unit of electricity consumed	Non-Adjustable and Credit of the same shall not be allowed	Non-Adjustable and Credit of the same shall not be allowed.		

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
236	<ul style="list-style-type: none"> • Person preparing the telephone bills; • Person issuing or selling prepaid cards for telephone; or • Person issuing or selling units through any electronic medium or any other form. 	Telephone Mobile Bills				
		(a) Telephone bill other than mobile phone exceeding Rs.1,000/-.	10% of the exceeding amount of Bill	10% of the exceeding amount of Bill	Adjustable	Adjustable
		(b) Mobile phone subscriber or prepaid card for telephones or Sale of units through any electronic medium or whatever form.	15% of the amount of bill or sale price of pre-paid card	14% of the amount of bill or sale price of prepaid card	Adjustable	Adjustable
236A	Person making sale by public auction or auction by a tender.	Sale by auction				
		Public auction or auction by tender of the property or goods	10% of the gross sale price	10% of the gross sale price	Adjustable	Adjustable
236B	Airlines issuing domestic air-ticket.	Purchase of Domestic air ticket from every person.	5% on gross amount of consideration.	5% on gross amount of consideration.	Adjustable	Adjustable
Not applicable in case of:						
(a) The Federal Government or a Provincial Government; or						
(b) A person who produces a certificate from the Commissioner Inland Revenue that income of such person during the tax year is exempt.						
236C	Person responsible for registering or attesting transfer of any immovable property.	Sale or transfer of immovable property on seller or transferor at the time of registering or attesting the transfer.	0.5% on gross amount of consideration.	Filer 0.5% on gross amount of consideration Non-Filer 1% On gross amount of consideration	Adjustable	Adjustable

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
236D	Every prescribed person for withholding of tax includes the owner, a lease-holder, an operator or a manager of: (a) A marriage hall; (b) Marquee; (c) Hotel; (d) Restaurant; (e) Commercial lawn; (f) Club; (g) A community place; or (h) Any other place used for such purpose.	Functions and gatherings – On total amount of bill of arranging or holding a function including payment of food, service or facility.	10%	5%	Adjustable	Adjustable
236E	Any licensing authority certifying and foreign TV drama serial or a play.	Foreign TV drama serial or play dubbed in Urdu or any other regional language.	Varying amount (As per Note No. 7)	Varying amount (As per Note No. 7)	Adjustable	Adjustable
236F	Pakistan Electronic Media Regulatory Authority.	Cable operators and other electronic media. On issuance or renewal of license for distribution services to operators and media.	Varying amount (As per Note No. 8)	Varying amount (As per Note No.8)	Adjustable	Adjustable
236G	Every manufacturer and commercial importer of: (a) Electronics; (b) Sugar; (c) Cement; (d) Iron and steel products; (e) Fertilizer; (f) Motor cycles;	Sales of Electronic, Sugar, Cement, Iron & Steel products, Fertilizer, Motorcycles, Pesticides, Cigarette's, Glass, Textile, Beverages, Paint or Foam Sector to distributors, dealers and wholesalers:				

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
	(g) Pesticides; (h) Cigarettes; (i) Glass; (j) Textile; (k) Beverages; or (l) Paint or foam sector.	<ul style="list-style-type: none"> • Sale of Fertilizers • Sale of goods other than fertilizer 	0.1%	Filer 0.2% Non-Filer 0.4%	Adjustable	Adjustable
			0.1%	Filer 0.1% Non-Filer 0.2%	Adjustable	Adjustable
236H	Every manufacturer, distributor, dealer, wholesaler and commercial importer of: (a) Electronics; (b) Sugar; (c) Cement; (d) Iron and steel products; (e) Fertilizer; (f) Motor cycles; (g) Pesticides; (h) Cigarettes; (i) Glass; (j) Textile; (k) Beverages; or (l) Paint or foam sector.	Sales of Electronics, Sugar, Cement, Iron & Steel products, Fertilizer, Motorcycles, Pesticides, Cigarettes, Glass, Textile, Beverages, Paint or Foam Sector to retailers.	0.5%	0.5%	Adjustable	Adjustable
236I	The person from Education Institution preparing fee voucher or challans.	Amount of fee (Tuition Fee and all charges) paid to educational institutions where annual fee exceeds Rs.200,000/-.	5% of the amount of Fee	5% of the amount of Fee	Adjustable against the tax liability of the parent or guardian	Adjustable against the tax liability of the parent or guardian

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
236J	Every Market Committee.	Issuance or renewal of license to Dealers, Commission agents and Arhatis etc.	Varying amount (As per Note No.9)	Varying amount (As per Note No.9)	Adjustable	Adjustable
236K	<ul style="list-style-type: none"> Person responsible for registering or attesting transfer of any Immovable property. 	Purchase of immovable property On purchaser or transferee at the time of registering or attesting transfer of any immovable property exceeding value of Rs. 3 million	N/A	Filer 1% of gross amount of consideration Non-Filer 2% of gross amount of consideration *(Rate of Tax for Non-Filer shall be 1% upto the date appointed by the Board)	Adjustable	Adjustable
Not applicable in the case of: <ul style="list-style-type: none"> Federal Government; Provincial Government; Local Government; Foreign Diplomat Mission in Pakistan; and A scheme introduced by the Federal Government, or a Provincial Government or an authority establish under a Federal or Provincial law for expatriate Pakistan's. 						
236L	<ul style="list-style-type: none"> Every airline issuing international air-ticket for journey originating from Pakistan. 	Purchase of international air ticket On issuing of international ticket for journey originating from Pakistan for other than economy class.	N/A	4% of the gross amount of international tickets	Adjustable	Adjustable
*Board appointed 19th January, 2015 for the purpose of withholding of tax @2% from Non-Filer vide SRO 30(I)/2015 dated 14-01-2015						

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Section	Withholding Agent	Type of Payment/ Nature of Services	Rate		Status of Tax Collection/Deduction	
			2014	2015	2015	
					Individual & AOP	Company
236M	<ul style="list-style-type: none"> Every Company quoted on Stock Exchange issuing Bonus Shares. 	Bonus Shares issued by companies quoted on stock exchange On issuance of bonus shares determined on the basis of day end price on the first day of closure of books	N/A	5% of the value of bonus shares to be issued	Final on the income of the shareholder	Final on the income of the shareholder
236N	<ul style="list-style-type: none"> Every Company not quoted on Stock Exchange issuing Bonus Shares. 	Bonus Shares issued by companies not quoted on stock exchange On issuance of bonus shares value of which may be determined on the basis of Rules prescribed by the Board	N/A	5% of the value of the bonus shares to be issued	Final on the income of the shareholder	Final on the income of the shareholder
37A read with Division VII	<ul style="list-style-type: none"> National Clearing Company of Pakistan Limited. 	Capital Gain on disposal of Securities. Where:				
		a) Holding period is less than six months;	10%	12.5%	Adjustable	Adjustable
		b) Holding period is more than six months but less than twelve months;	8%	12.5%	Adjustable	Adjustable
		c) Holding period is twelve months or more but less than twenty four months; and	0%	10%	Adjustable	Adjustable
		d) Holding period is twenty four months or more.	0%	0%	-	-

Comparative Table of Withholding Tax Rates for the Tax Years 2014 and 2015

NOTES

1. The taxpayers may opt to be taxed under normal tax regime instead of final tax regime subject to such conditions as prescribed under the following clauses of Part IV of the Second Schedule to the Income Tax Ordinance, 2001:-
 - (56B) *The provisions of sub-section (7) of section 148, and clause (a) of sub-section (1) of section 169 shall not apply to a person being a commercial importer if the person opts to file return of total income along with accounts and documents as may be prescribed, subject to the condition that minimum tax liability under normal tax regime shall not be less than 5.5% of the imports, if the person is a company and 6% otherwise.*
 - (56C) *The provisions of sub-section (3) of section 153, in respect of sale of goods and clause (a) of sub-section (1) of section 169 shall not apply to a person, if the person opts to file return of total income along with accounts and documents as may be prescribed subject to the condition that minimum tax liability under normal tax regime shall not be less than 3.5% of the gross amount of sales, if the person is a company and 4% otherwise.*
 - (56D) *The provisions of sub-section (3) of section 153, in respect of contracts and clause (a) of sub-section (1) of section 169 shall not apply to a person if the person opts to file return of total income along with accounts and documents as may be prescribed subject to the condition that minimum tax liability under normal tax regime shall not be less than 6% of contract receipts, if the person is a company and 6.5% otherwise.*
 - (56E) *The provisions of sub-section (2) of section 153 and clause (a) of sub-section (1) of section 169 shall not apply in respect of a person if the person opts to file return of total income along with accounts and documents as may be prescribed subject to condition that minimum tax liability under normal tax regime shall not be less than 0.5% of gross amount of services received.*
 - (56F) *The provisions of sub-section (2) of section 156A and clause (a) of sub-section (1) of section 169 shall not apply in respect of a person if the person opts to file return of total income along with accounts and documents as may be prescribed, subject to the condition that minimum tax liability under normal tax regime shall not be less than 10% of the commission or discount received.*
 - (56G) *The provisions of sub-section (3) of section 233 and clause (a) of sub-section (1) of section 169 shall not apply in respect of a person if the person opts to file return of total income along with accounts and documents as may be prescribed, subject to the condition that minimum tax liability under normal tax regime shall not be less than 10% of the commission.*

Note	Section	Type of Payment	Tax Rate / Tax Amount	
			2014 (Rupees)	2015 (Rupees)
2	149	Income on Salary <i>(Clause (1A) of Div-I of Part-I of First Schedule)</i> Where the amount of salary: <ul style="list-style-type: none"> • does not exceed Rs. 400,000 • Exceed Rs. 400,000 but does not exceed Rs. 750,000 • Exceed Rs. 750,000 but does not exceed Rs. 1,400,000 • Exceed Rs. 1,400,000 but does not exceed Rs. 1,500,000 • Exceed Rs. 1,500,000 but does not exceed Rs. 1,800,000 • Exceed Rs. 1,800,000 but does not exceed Rs. 2,500,000 • Exceed Rs. 2,500,000 but does not exceed Rs. 3,000,000 	<p style="text-align: center;">0%</p> <p>5% of the amount exceeding Rs.400,000</p> <p>Rs.17,500 + 10% of the amount exceeding Rs.750,000</p> <p>Rs.82,500 + 12.5% of the amount exceeding Rs.1,400,000</p> <p>Rs.95,000 + 15% of the amount exceeding Rs.1,500,000</p> <p>Rs.140,000 + 17.5% of the amount exceeding Rs.1,800,000</p> <p>Rs.262,500 + 20% of the amount exceeding Rs.2,500,000</p>	<p style="text-align: center;">0%</p> <p>5% of the amount exceeding Rs.400,000</p> <p>Rs.17,500 + 10% of the amount exceeding Rs.750,000</p> <p>Rs.82,500 + 12.5% of the amount exceeding Rs.1,400,000</p> <p>Rs.95,000 + 15% of the amount exceeding Rs.1,500,000</p> <p>Rs.140,000 + 17.5% of the amount exceeding Rs.1,800,000</p> <p>Rs.262,500 + 20% of the amount exceeding Rs.2,500,000</p>

Note	Section	Type of Payment	Tax Rate / Tax Amount	
			2014 (Rupees)	2015 (Rupees)
		<ul style="list-style-type: none"> Exceed Rs. 3,000,000 but does not exceed Rs. 3,500,000 Exceed Rs. 3,500,000 but does not exceed Rs. 4,000,000 Exceed Rs. 4,000,000 but does not exceed Rs. 7,000,000 Exceed Rs. 7,000,000 	<p>Rs.362,500 + 22.5% of the amount exceeding Rs.3,000,000</p> <p>Rs.475,000 + 25% of the amount exceeding Rs.3,500,000</p> <p>Rs.600,000 + 27.5% of the amount exceeding Rs.4,000,000</p> <p>Rs.1,425,000 + 30% of the amount exceeding Rs.7,000,000</p>	<p>Rs.362,500 + 22.5% of the amount exceeding Rs.3,000,000</p> <p>Rs.475,000 + 25% of the amount exceeding Rs.3,500,000</p> <p>Rs.600,000 + 27.5% of the amount exceeding Rs.4,000,000</p> <p>Rs.1,425,000 + 30% of the amount exceeding Rs.7,000,000</p>
3	155 (a)	Income from Property <i>(Clause (a) of Div-V of Part-III of First Schedule)</i> In case recipient is an Individual or AOP:		
		<ul style="list-style-type: none"> Where the gross amount of rent does not exceed Rs.150,000 Where the gross amount of rent exceeds Rs.150,000 but does not exceed Rs.1,000,000 Where the gross amount of rent exceeds Rs. 1,000,000 	<p>NIL</p> <p>10 % of the gross amount exceeding Rs.150,000</p> <p>Rs. 85,000 + 15% of the gross amount exceeding Rs. 1,000,000</p>	<p>NIL</p> <p>10 % of the gross amount exceeding Rs.150,000</p> <p>Rs. 85,000 + 15% of the gross amount exceeding Rs. 1,000,000</p>
	(b)	<i>(Clause (b) of Div-V of Part-III of First Schedule)</i> In case recipient is a Company:	15%	15%

Note	Section	Type of Payment	Tax Rate / Tax Amount		
			2014 (Rupees)	2015 (Rupees)	
4	231B	Purchase of Motor Vehicle <i>(Div-VII of Part-IV of First Schedule)</i>		Filer	Non Filer
		• upto 850cc	10,000	10,000	10,000
		• 851cc to 1000cc	20,000	20,000	25,000
		• 1001cc to 1300cc	30,000	30,000	40,000
		• 1301cc to 1600cc	50,000	50,000	100,000
		• 1601cc to 1800cc	75,000	75,000	150,000
		• 1801cc to 2000cc	100,000	100,000	200,000
		• 2001cc to 2500cc	150,000	150,000	300,000
		• 2501cc to 3000cc • Above 3000cc	150,000 150,000	200,000 250,000	400,000 450,000
5	234 (a)	Tax on Motor Vehicle <i>(Clause (3) of Div-III of Part-IV of First Schedule)</i> Other private motor cars with engine capacity of:		Filer	Non Filer
		• upto 1000cc	750	1,000	1,000
		• 1001cc to 1199cc	1,250	1,800	3,600
		• 1200cc to 1299cc	1,750	2,000	4,000
		• 1300cc to 1499cc	3,000	3,000	6,000
		• 1500cc to 1599cc	3,000	4,500	9,000
		• 1600cc to 1999cc • Above 2000cc	4,000 8,000	6,000 12,000	12,000 24,000
	(b)	<i>(Clause (4) of Div-III of Part-IV of First Schedule)</i> Where the motor vehicle tax is collected in lump sum:		Filer	Non Filer
		• upto 1000cc	7,500	10,000	10,000
		• 1001cc to 1199cc	12,500	18,000	36,000
		• 1200cc to 1299cc	17,500	20,000	40,000
		• 1300cc to 1499cc	30,000	30,000	60,000
		• 1500cc to 1599cc • 1600cc to 1999cc • Above 2000cc	30,000 40,000 80,000	45,000 60,000 120,000	90,000 120,000 240,000

Note	Section	Type of Payment	Tax Rate / Tax Amount	
			2014 (Rupees)	2015 (Rupees)
6	235	Electricity Consumption <i>(Div-IV of Part-IV of First Schedule)</i> Where the amount of electricity bill:		
		<ul style="list-style-type: none"> • does not exceed Rs. 400 • exceeds Rs 400 but does not exceed Rs 600 • exceeds Rs 600 but does not exceed Rs 800 • exceeds Rs 800 but does not exceed Rs 1,000 • exceeds Rs 1,000 but does not exceed Rs 1,500 • exceeds Rs 1,500 but does not exceed Rs 3,000 • exceeds Rs 3,000 but does not exceed Rs 4,500 • exceeds Rs 4,500 but does not exceed Rs 6,000 • exceeds Rs 6,000 but does not exceed Rs 10,000 • exceeds Rs 10,000 but does not exceed Rs 15,000 • exceeds Rs 15,000 but does not exceed Rs 20,000 • exceeds Rs 20,000 <p>(i) For commercial consumers (ii) For industrial undertaking</p>	<p style="text-align: center;">0</p> <p style="text-align: center;">80</p> <p style="text-align: center;">100</p> <p style="text-align: center;">160</p> <p style="text-align: center;">300</p> <p style="text-align: center;">350</p> <p style="text-align: center;">450</p> <p style="text-align: center;">500</p> <p style="text-align: center;">650</p> <p style="text-align: center;">1,000</p> <p style="text-align: center;">1,500</p> <p style="text-align: center;">10% of Electricity Bill 5% of Electricity Bill</p>	<p style="text-align: center;">0</p> <p style="text-align: center;">80</p> <p style="text-align: center;">100</p> <p style="text-align: center;">160</p> <p style="text-align: center;">300</p> <p style="text-align: center;">350</p> <p style="text-align: center;">450</p> <p style="text-align: center;">500</p> <p style="text-align: center;">650</p> <p style="text-align: center;">1,000</p> <p style="text-align: center;">1,500</p> <p style="text-align: center;">10% of Electricity Bill 5% of Electricity Bill</p>
7	236E	Advance Tax on Foreign Produced Films and TV Plays <i>(Div-XII of Part-IV of First Schedule)</i>		
		<ul style="list-style-type: none"> • Foreign produced TV drama serial • Foreign produced TV play (single episode) 	<p style="text-align: center;">100,000</p> <p style="text-align: center;">100,000</p>	<p style="text-align: center;">100,000</p> <p style="text-align: center;">100,000</p>

Note	Section	Type of Payment	Tax Rate / Tax Amount			
			2014 (Rupees)		2015 (Rupees)	
8	236F	Advance Tax on Cable Television Operators and Other Electronic Media.				
		<i>(Div-XIII of Part-IV of First Schedule)</i>				
		Tax on Licence Fee / Renewal Fee:	License fee	Renewal	License fee	Renewal
		License category as provided in PEMRA Rules:				
		• H	7,500	10,000	7,500	10,000
		• H-1	10,000	15,000	10,000	15,000
		• H-II	25,000	30,000	25,000	30,000
		• R	5,000	30,000	5,000	30,000
		• B	5,000	40,000	5,000	40,000
		• B-1	30,000	50,000	30,000	50,000
		• B-2	40,000	60,000	40,000	60,000
		• B-3	50,000	75,000	50,000	75,000
		• B-4	75,000	100,000	75,000	100,000
		• B-5	87,500	150,000	87,500	150,000
• B-6	175,000	200,000	175,000	200,000		
• B-7	262,500	300,000	262,500	300,000		
• B-8	437,500	500,000	437,500	500,000		
• B-9	700,000	800,000	700,000	800,000		
• B-10	875,500	900,000	875,500	900,000		
9	236J	Advance Tax on Dealers, Commission Agents and Arhatis, etc.	Tax per Annum		Tax per Annum	
		<i>(Div-XVII of Part-IV of First Schedule)</i>				
		• Group or Class A	10,000		10,000	
		• Group or Class B	7,500		7,500	
		• Group or Class C	5,000		5,000	
• Any other Category	5,000		5,000			

Related Legal Provisions

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

Related Legal Provisions

1. Payment of tax collected or deducted

Section 160 of the Income Tax Ordinance, 2001 read with Rule 43 of the Income Tax Rules, 2002

As required under section 160 and under the Sixth Schedule to the Ordinance, the tax collected or deducted under Division II or Division III of Part V of Chapter X of the Ordinance, Chapter XII of the Ordinance or Sixth Schedule to the Ordinance shall be paid to the Commissioner by way of credit to the Federal Government, -

- (a) where the tax has been collected or deducted by the Federal Government of a Provincial Government on the day the tax was collected or deducted; or
- (b) where the tax has been collected or deducted by a person other than the Federal Government or a Provincial Government, by remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan, within seven days from the end of each week ending on every Sunday.

2. Filing of monthly statements:

Section 165(2) of the Ordinance, 2001 read with Rule 44 of the Rules

Every prescribed person collecting tax under Division II of this Part of Chapter XII or deducting tax from a payment under Division III of this Part or Chapter XII shall furnish or e-file statements under sub-section (1) by the 15th day of the month following the month to which the withholding tax pertains.

3. Filing of annual statement:

Section 165(6) of the Ordinance read with Rule 44 of the Rules

Every person deducting tax from payment under section 149 shall furnish to the Commissioner an annual statement in the prescribed form and manner.

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

4. Failure to pay tax collected or deducted **Section 161(1) of the Ordinance**

Where a person-

- (a) fails to collect tax as required under Division II of this Part or Chapter XII or deduct tax from a payment as required under Division III of this Part or Chapter XII or as required under section 50 of the repealed Ordinance; or
- (b) having collected tax under Division II of this Part or Chapter XII or deducted tax under Division II of this Part or Chapter XII or deducted tax under Division III of this Part or Chapter XII fails to pay the tax to the Commissioner as required under section 160, or having collected tax under section 50 of the repealed Ordinance pay to the credit of the Federal Government as required under sub-section (8) of section 50 of the repealed Ordinance,

the person shall be personally liable to pay the amount of tax to the Commissioner who may pass an order to that effect and proceed to recover the same.

5. Offences and Penalties **Serial (1A) and (15) of Section 182(1) of the Ordinance**

Any person who commits any offence specified in column (2) of the Table below shall, in addition to and not in derogation of any punishment to which he may be liable under this Ordinance or any other law, be liable to the penalty mentioned against that offence in Column (3) thereof:-

Comparative table of Withholding tax rates for the Tax Years 2014 and 2015

S. No.	Offences	Penalties	Section of the Ordinance to which offence has reference.
(1)	(2)	(3)	(4)
1A.	Where any person fails to furnish a statement as required under section 115, 165 or 165A within the due *[date]. * the word "date" in bracket inserted by us, which appears to be missing.	Such person shall pay a penalty of Rs.2500 for each day of default subject to a minimum penalty of fifty thousand rupees.	115, 165 and 165A
15.	any person who fails to collect or deduct tax as required under any provision of this Ordinance or fails to pay the tax collected or deducted as required under section 160.	such person shall pay a penalty of twenty five thousand rupees or the 10% of the amount of tax whichever is higher.	148, 149, 150, 151, 152, 153, 153A, 154, 155, 156, 156A, 156B, 158, 160, 231A, 231B, 233, 233A, 234, 234A, 235, 236, 236A.

6. Default Surcharge

Section 205(3) of the Ordinance

A person who fails to collect tax, as required under Division II of Part V of this Chapter or Chapter XII or deduct tax as required under Division III of Part V of this Chapter or Chapter XII or fails to pay an amount of tax collected or deducted as required under section 160 on or before the due date for payment shall be liable for default surcharge at a rate equal to 18 per cent per annum on the amount unpaid computed for the period commencing on the date the amount was required to be collected or deducted and ending on the date on which it was paid to the Commissioner:

Provided that if the person opts to pay the tax due on the basis of an order under section 129 on or before the due date given in the notice under sub-section (2) of section 137 issued in consequence of the said order and does not file an appeal under section 131, he shall not be liable to pay default surcharge for the period beginning from the date of order under section 161 to the date of payment.

Concept of “Filer” and “Non-Filer”

A concept of filers and non-filers was introduced through the Finance Act, 2014 in the Income Tax Ordinance, 2001 (**the Ordinance**) and accordingly higher rates of Withholding of Taxes (**WHT**) were levied on non-filers, in respect Dividend under Section 150, Profit on Debt under Section 151, Cash Withdrawal from Bank under Section 231A, Vehicle registration under Section 234, Advance tax on Sales to distributors, dealers & Wholesalers under Section 236G and Purchase and Sale of immovable property under Sections 236C & 236K respectively. The terms “**Filer**” and “**Non-Filer**” were also defined through insertion of the following Clauses (23A) and (35C) in Section 2 of the Ordinance..

- i) “**Filer**” means a taxpayer whose name appears in the active taxpayer’s list issued by the Board from time to time or is holders of taxpayer’s card; and
- ii) “**Non-Filer**” means a person who is not a filer.

Through issuance of latest SRO 136(1)/2015 dated 13-02-2015, the concept of higher rates for non-filers has further been extended to two more sectors i.e. Imports under Section 148 and Services under Section 153(1)(b) of the Ordinance.

Active Taxpayers List (**ATL**) is regulated by Section 181A of the Ordinance read with Rule 81B of the Income Tax Rules, 2002 (**the Rules**). As per Sub-Rule (4) of Rule 81B of the Rules the ATL will be updated on fifteenth of every month.

Latest Active Taxpayers List (**ATL**) is accessible at the FBR web-portal, which may be downloaded and kept in records. The FBR vide SRO 176(1)/2015 dated 27-02-2015 has also issued draft amendments in Rule 81 of the Rules; whereby:-

- For Financial Year 2014-15, Active Taxpayers List shall be published and made available at Board’s web portal by the 21st March, 2015; and
- That Active Taxpayers List published during Financial Year 2013-14, shall be valid upon the 20th March, 2015.

Therefore, in order to avoid any additional tax exposure, we would strongly advise the reader of this publication to kindly check the status of vendors/service providers in the “Active Taxpayers List” from the FBR web-portal, before releasing payments to any person.

Disclaimer

This document has been prepared / compiled on the basis of information available under the Income Tax Ordinance, 2001 and Income Tax Rules, 2002. A. Qadir & Company does not guarantee or warrant the accuracy, reliability, completeness or currency of the information in this document nor its usefulness in achieving any purpose. Readers are responsible for assessing the relevance and accuracy of the contents of this document. We would not be liable for any loss, damage, cost or expense incurred or arising by reason of any person using or relying on information in this document.

A. Qadir & Company
Advocates, Taxation & Company Law Consultants
206, Business Arcade, Block-6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi
Phone: +92(21)34315163-5
Fax: +92(21)34314731
Email: aq-memon@cyber.net.pk