

WHAT THIS DOCUMENT AIMS AT?

The purpose of this document is to summarize activity-wise rates and treatment of withholding income tax, taking into account the proposed amendments vide the Finance Bill, 2021. The information summarized herein is general and based on our interpretation and significant proposed amendments, which, when enacted would become effective from July 01, 2021 – i.e., for the Tax Year 2022. This information does not constitute any opinion or advice and may also not be acceptable to taxation authorities in any particular case. Tax laws are subject to change from time to time and we do neither warrant at any time the currency of the above details nor accept any responsibility to update the same.

SALARY | Sec 149, Div. I Part I 1st Schedule

Taxable Income		Rate of Tax	
From	To		
Up to 600,000		0%	
600,001	1,200,000	5% on amount exceeding Rs.600,000	
1,200,001	1,800,000	30,000	10% on amount > Rs.1.2M
1,800,001	2,500,000	90,000	15% on amount > Rs.1.8M
2,500,001	3,500,000	195,000	17.5% on amount > Rs.2.5M
3,500,001	5,000,000	370,000	20% on amount > Rs.3.5M
5,000,001	8,000,000	670,000	22.5% on amount > Rs.5M
8,000,001	12,000,000	1,345,000	25% on amount > Rs.8M
12,000,001	30,000,000	2,345,000	27.5% on amount > Rs.12M
30,000,001	50,000,000	7,295,000	30% on amount > Rs.30M
50,000,001	75,000,000	13,295,000	32.5% on amount > Rs.50M
Above 75,000,000	21,420,000		35% on amount > Rs.75M

IMPORT OF MOBILE PHONES | Sec148 & Part II of First Sch.

C & F Value	CBU	CKD/ SKD	Advance Tax Industrial undertaking importing items at 1% or 2% for its own use
Bar phones up to USD 30	Rs. 70	NIL	Minimum Tax All other cases
Bar phones exceeding USD 30 and up to USD 100	Rs. 100	NIL	
Smart phones up to USD 100	Rs. 100	NIL	
Mobile phones exceeding USD 100 and up to USD 200	Rs. 930	NIL	
Mobile phones exceeding USD 200 and up to USD 350	Rs. 970	NIL	Minimum Tax All other cases
Mobile phones exceeding USD 350 and up to USD 500	Rs. 3,000*	Rs. 5,000*	
Mobile phones exceeding USD 500	Rs. 5,200*	Rs. 11,500*	

Note: *Rates to be increased by 100% for Non-Filers

Activity	Tax Rate		Nature of Tax
	Filer	Non-Filer	

IMPORTS | Sec 148 & Part II First Schedule

Persons importing items (Materials & machinery) goods classified in Part I of the Twelfth Schedule	1%	2%	Advance Tax Industrial undertaking importing items at 1% or 2% for its own use
Persons importing items (Parts & components) classified in Part II of the Twelfth Schedule	2%	4%	
Persons importing goods (all others) classified in Part III of the Twelfth Schedule	5.5%	11%	
Manufacturers covered rescinded under SRO. 1125(I)/2011 importing items covered under SRO. 1125(I)/2011	1%	2%	
Persons importing finished pharma products, not manufactured locally as certified by the DRAP	4%	8%	Minimum Tax All other cases
Import of CKD Kits of electrical vehicles for small cars or SUVs upto 50 kwh battery and LCVs upto 150 kwh battery	1%	2%	

Note: No tax to be collected on the import of items covered in Clauses (12F) to (12M) of Part IV Second Schedule

DIVIDEND | S 150, Div. I Pt III 1st Sch. & Cl. 11B Part IV 2nd Sch.

Dividend from Independent Power Purchasers, being a pass-through item under Implementation/ Power/ Energy Purch. Agreement, required to be reimbursed by CPPA-G	7.5%	15%	Final Tax
Dividend from company covered under clause 132C Part I 2nd Schedule			
Dividend if no tax is payable by the Co. due to exemption, c/f loss, tax credits	25%	50%	
Other cases, including mutual funds & repatriation of after-tax profits by branches of foreign companies	15%	30%	
Dividend in specie	15%	30%	
Inter-company dividend under group taxation	Not Applicable		

PROFIT ON DEBT | Sec 151, Div. IA Part III 1st Sch.

Received by Company	15%	30%	Final Tax
Received by AOP or individual			

RETURN ON SUKUKS | Sec 151, Div. IB Pt III 1st Sch.

Received by Company	25%	50%	Final Tax
Received by individuals or AOPs and the profit is above Rs. 1M	12.5%	25%	
Received by individuals or AOPs and the profit is up to Rs. 1M	10%	20%	

PAYMENTS TO NON-RESIDENTS | Sec 152, Div. IV Pt. I, Div. II Pt. III 1st Sch. & Cl. 5AA Part II 2nd Sch.

Royalty/ fee for technical services	15%	30%	Final Tax
Advertisement services	20%	40%	
Foreign produced commercials	20%	40%	
Fee for offshore digital services	5%	10%	
Contracts or related services	7%	14%	Minimum Tax
Insurance/ re-insurance premium	5%	10%	
Other payments	20%	40%	Adv. Tax

Note: Tax on Sukuks same as that for residents

Activity	Tax Rate		Nature of Tax
	Filer	Non-Filer	

PAYMENTS TO PE OF NON-RESIDENTS Sec 152, Div. II Pt III 1st Sch.			
For supplies by PE of N/R Companies being Manufacturer	4%	4%	Advance Tax
For supplies by PE of N/R Companies	4%	4%	
For supplies by PE of other N/R	4.5%	4.5%	
For services by PE of N/R Companies	8%	8%	
For services by PE of other N/R	10%	10%	Minimum Tax
Transport, freight forwarding, air cargo, courier, manpower outsourcing, hotel, security guard, software development, IT & IT enabled services IT and IT enabled services [as defined u/s (65F)], Tracking services, Advertising (other than by print or electronic media), Share registrar services, Car rental, Building maintenance, Inspection, Certification, Testing, Training services.	3%	3%	
Execution of contract by sports persons	10%	20%	
For other contracts	7%	14%	

SUPPLY OF GOODS INCLUDING TOLL MANUFACTURING| Sec 153(1)(a), Div. III Pt III 1st Sch, Cl 24A, 24C, 45A Pt II 2nd Sch

Sale of rice, cottonseed & edible oil	1.5%	3%	Advance Tax for Listed companies and Companies Engaged in Manufacturing.
Sale of cigarettes & pharma products	1%	2%	
Sale of FMCG, fertilizer, electronics excluding mobile phones, sugar, cement, & edible oil by distributors, dealers, sub-dealers, wholesales & retailers	0.25%	0.5%	
Sale of other goods by companies including toll manufacturers	4%	8%	
Sale of other goods by AOPs & Ind. including toll manufacturers	4.5%	9%	Minimum Tax for other cases.
Local sales, supplies and services made by export-oriented sector	1%	2%	
Local supplies by yarn traders to export-oriented sector	0.5%	1%	

Note: No tax to be withheld in case of (a) where aggregate annual payment is below Rs 75,000/- AND (c) purchase of asset under lease & buy back agreement by modarabas, leasing/ banking companies or financial institutions.

PAYMENTS FOR SERVICES | Sec 153(1)(b), 153(2), Div. III & Div IV P III 1st Sch.

Advertising services (elec. & print media)	1.5%	3%	Minimum Tax
Transport, Freight forwarding, Air cargo services, Courier, Manpower outsourcing, Hotel, Security guard, Software development, IT and IT enabled services [as defined u/s 65F], Tracking services, Advertising (other than by print or electronic media), Share registrar services, Car rental, Building maintenance, Services of PSX & PMEL, Inspection, Certification, Testing & Training, Oilfield, Telecommunication, Collateral management, travel and tour services.	3%	6%	
Companies providing other services	8%	16%	
AOPs & Ind. providing other services	10%	20%	
Stitching, dying, printing, embroidery, washing, sizing & weaving for Exporters	1%	2%	Minimum Tax

Note: No tax to be withheld for payments in case where payments made against services rendered is less than Rs. 30,000/- in aggregate, during a financial year.

EXECUTION OF CONTRACTS | Sec 153(1)(c), Div III Pt III 1st Sch

Received by Listed Companies	7%	14%	Adv. Tax
Received by Other Companies			
Received by sportspersons	10%	20%	Minimum Tax
Received by others	7.5%	15%	

EXPORTS | Sec 154 & 154A Div IV & IVA Pt III 1st Sch, Cl. 47C Pt IV 2nd Sch

Realization of export proceeds [Exemption to cooking oil or vegetable ghee exported to Afghanistan if tax u/s 148 is paid]			Final Tax
Inland back-to-back LC by exporter on sale of goods under an arrangement prescribed by FBR	1%		
Export of goods by EPZ units			
Payment for a firm contract by direct exporters reg. under DTRE Rules, 2001, to indirect exporters			
Realization of proceeds on account of commission to indenting agent		5%	Final Tax
Export of services including computer software or IT services or IT enabled services (where no tax credit available u/s 65F), Technical services, Royalty fees or Commission, construction contracts and other services notified by FBR.		1%	

PROPERTY INCOME/ RENTALS | Sec 155, Div V Pt III 1st Sch

For companies	15%			Advance Tax
Other cases	Annual Rent (Rs.)		Tax	
	From	To		
	Up to 300,000		NIL	
	300,001	600,000	5% of amount above Rs. 300,000	
	600,001	2,000,000	15,000 + 10% of amount above Rs. 600,000	
	Above 2,000,000		155,000 + 25% of amount above Rs.2M	

Activity	Tax Rate		Nature of Tax
	Filer	Non-Filer	

PRIZES AND WINNINGS | Sec 156, Div VI Pt III 1st Sch

On prize bonds & crossword puzzle	15%	30%	Final Tax
Raffle, lottery, winning quiz & prizes on sales promotion schemes	20%	40%	

Activity	Tax Rate		Nature of Tax
	Filer	Non-Filer	

PETROLEUM PRODUCTS Sec 156A, Div VIA Pt III 1st Sch			
Commission/ discount to petrol pump operators on petroleum prod.	12%	24%	Final Tax

TAX ON MOTOR VEHICLES | Sec 231B&234, Div VII & III Pt IV 1st Sch

Purchase/ transfer of motor vehicles	Based on Engine Capacity		Advance Tax
Leasing on Vehicle Based on value	N/A	4%	
Goods Transport Vehicles Based on laden weight	Rs.2.5/ Kg	Rs.5/ Kg	
Goods Transport Vehicle Laden wt. 8120Kg or more (after 10 years of Reg.)	Rs. 1,200	Rs. 2,400	
Passenger transport vehicle	Various Rates	Various Rates	Advance Tax
Private motor vehicle	Various Rates	Various Rates	

BROKERAGE & COMMISSION | Sec 233, Div II Pt IV 1st Sch

Advertising commission	10%	20%	Minimum Tax
Life Insurance Commission up to Rs. 0.5M p.a.	8%	16%	
Others	12%	24%	

COMMERCIAL & INDUSTRIAL ELECTRICITY CONSUMERS | S235, Div. IV P IV 1st Sch., Cl 66 P IV 2nd Sch.

Gross Bill Amount		Tax	
From	To		
Up to 500		NIL	
500	20,000	10% of amount	
Above 20,000		Comm Cons. Rs. 1,950 + 12% above 20,000	Ind. Cons. Rs. 1,950 + 5% above 20,000

DOMESTIC ELECTRICITY CONSUMP. | Sec235, Div. IV, P IV 1st Sch.

Monthly bill up to Rs. 25,000	0 %	Advance Tax
Monthly bill exceeds Rs. 25,000	7.5%	

TELEPHONE USERS| Sec 236, Div. V Pt IV 1st Sch.

Landline bills exceeding Rs. 1,000	10%	Advance Tax
Mobile phone bills & prepaid cards		
Postpaid internet \$ prepaid net cards	10%	

Activity	Tax Rate		Nature of Tax
	Filer	Non-Filer	

SALE BY AUCTION | Sec 236A, Div VIII Pt IV 1st Sch

Sale of property, goods or lease of right by public auction or tender	10%	20%	Advance Tax
Sale of lease of right to collect tolls			
Sale-immovable property by auction	5%	10%	Final Tax

SALE/ TRANSFER OF IMMOVABLE PROPERTY | S236C, DivX PIV 1st Sch

Holding Period	Up to 1 Year	1%	2%	Mini. Tax
	Up to 4 Years	1%	2%	Adv. Tax
	Above 4 Years	Not Applicable		

TAX ON SALES TO DISTRIBUTORS, DEALERS & WHOLESALERS BY MANUFACTURERS & COMMERCIAL IMPORTERS | Sec 236G, Div XIV Pt IV 1st Sch

Fertilizers	0.7%	1.4%	Advance Tax
Fertilizers (if appearing on ATL under ITO 2001 & ST Act 1990)	0.25%	0.5%	
Electronics Sugar Cement Iron & steel products Motorcycles Pesticides Cigarettes Glass Textile Beverages Paint or foam Pharmaceuticals Poultry & animal feed Edible oil & ghee Battery Tyres Varnishes Chemicals Cosmetics IT equipment	0.1%	0.2%	

TAX ON SALES TO RETAILERS & WHOLESALERS BY MANUFACTURERS, DISTRIBUTORS, DEALERS, WHOLESALERS & COMMERCIAL IMPORTERS | Sec 236H, Div XV Pt IV 1st Sch

Electronics Sugar Cement Iron & steel products Motorcycles Pesticides Cigarettes Glass Textile Beverages Paint or foam Pharmaceuticals Poultry & animal feed Edible oil & ghee Battery Tyres Varnishes Chemicals Cosmetics IT equipment	0.5%	1%	Advance Tax
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COLLECTION OF TAX BY EDUCATIONAL INSTITUTIONS WHERE FEE EXCEEDS RS. 200,000/- | Sec 238I, Div XVI Pt IV 1st Sch

From residents	N/A	5%	Adv. Tax
From non-residents	Not Applicable		

PURCHASE OF IMMOVABLE PROPERTY | S236K, DivXVIII Pt IV 1st Sch

On fair market value	1%	2%	Adv. Tax
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RENT OR PAYMENT FOR RIGHT TO USE MACHINERY & EQUIPMENT | Sec 236Q, Div XXIII Pt IV 1st Sch

To be collected for industrial, commercial and scientific equipment & machinery	10%	Minimum Tax
Note: WHT deduction shall not be applicable in the following cases: a. Agricultural machinery; and b. Machinery owned and leased by leasing companies, investment banks, modarabas, scheduled banks or DFIs		

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