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WITHHOLDING INCOME TAX RATES CARD | TAX YEAR 2023

Applicable from July 01, 2022 to June 30, 2023 vide the Finance Act, 2022

WHAT THIS DOCUMENT AIMS AT?

The purpose of this document is to **summarize the tax law on withholding tax and treatment thereof**, taking into account significant amendments **vide the Finance Act, 2022 and Tax Laws (Second Amendment) Ord. dt. Aug 22, 2022**. These tax rates and treatments are effective **from July 01, 2022** – i.e., for the **Tax Year 2023**. The information summarized herein is general and based on our interpretation of law. This information does not constitute any opinion or advice and may also not be acceptable to taxation authorities in a 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.

IMPORTS | *Sec 148 & Part II First Schedule*

Activity	Importer Category	Tax Rate: Filer	Tax Rate: Non-Filer	Nature of Tax
Imports of Goods as per Part I of the Twelfth Schedule	All	1%	2%	**Advance Tax** for *Industrial Undertaking* importing goods other than Edible oil, Packing material, Paper and Paper-board or Plastics
Imports of Goods as per Part II of the Twelfth Schedule	Commercial Importers	3.5%	7%	
	Others	2%	4%	
Imports of Goods as per Part III of the Twelfth Schedule	All	5.5%	11%	
Imports of Goods mentioned in SRO 1125(I)/2011	Manufacturers	1%	2%	
Imports of medicines not manufactured locally as certified by DRAP	All	4%	8%	**Minimum Tax** for *All Other Cases*
Imports of CKD Kits for electrical vehicles (small cars/ SUVs with up to 50 kWh battery) and LCVs with up to 150 kWh battery	All	1%	2 %	

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

C&F Value (USD)	CBU	CKD/ SKD	Nature of Tax
Up to 30, except smartphone	Rs. 70	NIL	**Adv. Tax** for *Industrial Undertaking*
From 31 to 100	Rs. 100	NIL	
From 101 to 200	Rs. 930	NIL	
From 201 to 350	Rs. 970	NIL	**Min. Tax** for *All Other Cases*
From 351 to 500	Rs. 5,000	Rs. 3,000	
Above 500	Rs, 11,500	Rs. 5,200	

Note: Advance tax is to be increased by 100% for Non-filers

SALARY | *Sec 149, Div. I Part I First Schedule*

Taxable Income: From	To	Rate of Tax		
Up to 600,000		0%		
600,001	1,200,000	2.5% on amount exceeding Rs.0.6M		
1,200,001	2,400,000	15,000	PLUS	12.5% on amount > Rs.1.2M
2,400,001	3,600,000	165,000	PLUS	20% on amount > Rs.2.4M
3,600,001	6,000,000	405,000	PLUS	25% on amount > Rs.3.6M
6,000,001	12,000,000	1,005,000	PLUS	32.5% on amount > Rs.6M
Above 12,000,000		2,955,000	PLUS	35% on amount > Rs.12M

Rate of advance tax deductible is 20% on directorship fee or fee for attending board meetings | **For more detailed information on salary taxation** please visit: https://www.tagm.co/pdf/Update-Salary(TY-2023).pdf

Activity	Tax Rate: Filer	Tax Rate: Non-Filer	Nature of Tax

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

Activity		Filer	Non-Filer	Nature of Tax
Dividend paid by IPPs, when it is a pass-through item to be reimbursed by CPPAG		7.5%	15%	**Final Tax**
Dividend attributable to income from biomass & baggas based power projects		7.5%	15%	
Dividend received where company is availing exemption or benefiting from c/f business losses & tax credits		25%	50%	
Mutual funds, REITs & other cases		15%	30%	
Dividend in specie		15%	30%	
Dividend from SPV received:	By REIT scheme	0%	0%	
	By others	35%	70%	
Intercorporate dividend/ group taxation		Not Applicable		

PROFIT ON DEBT | *Sec 151, Div. IA Pt. III 1st Sc./ Cl. 5AB Pt. II 2nd Sc.*

Activity		Filer	Non-Filer	Nature of Tax
Received by Company		15%	30%	**Advance Tax**
Received by AOP/ individual	Profit up to Rs. 5M	15%	30%	**Final Tax**
	Profit above Rs. 5M	15%	30%	**Minimum Tax**
Received *by Resident Pakistanis* on Government securities, purchased via FCVA under SBP's Scheme		10%		**Final Tax**

INVESTMENTS IN SUKUKS | *Sec 151, Div. IB Pt. III 1st Schedule*

Activity		Filer	Non-Filer	Nature of Tax
Returns received by Companies		25%	50%	**Adv. Tax**
Returns rec. by AOPs/ Individuals	Up to Rs. 1M	10%	20%	**Final Tax**
	Above Rs.1M upto 5M	12.5%	25%	
	Above Rs. 5M	12.5%	25%	**Min. Tax**

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

Activity	Tax Rate	Nature of Tax
Royalty/ fees for technical services	15%	**Final Tax**
Fee for offshore digital services, Money transfer operations, Card network services, Payment gateway services, Interbank financial telecom. Services	10%	
Contracts/ subcontract under a construction, assembly/ installation project (including supply of supervisory activities therefor) and Advertisement services by TV Satellite Channels	7%	**Minimum Tax**
Insurance/ re-insurance premium	5%	
Advertisement services relaying from outside Pakistan	10%	
Foreign produced commercials for TV channel/ other media	20%	
Capital gain to foreign companies on disposal of Debt Instruments & Govt. securities invested via SCRA	10%	**Final Tax**
Profit on debt from investments exclusively made through a SCRA	10%	
Capital gain to individuals on disposal of debt instruments and Govt. Securities invested via FCVA or NRVA	10%	

Activity	Tax Rate: Filer	Tax Rate: Non-Filer	Nature of Tax
Individuals receiving profit on Govt. Securities purchased via a foreign bank account, NRVA or FCYAs	10%		**Final Tax**
Profit on FCYAs or COIs under SBP's FC Account Scheme	0%		**Exempt**
Profit received by NRPs from PKR accounts on funds exclusively remitted from aboard in FCY	0%		
Other payments	20%		**Adv. Tax**

PAYMENTS TO PE OF NON-RESIDENTS | *Sec 152, Div. II Pt. III 1st Sch.*

Activity		Filer	Non-Filer	Nature of Tax
For services rendered	By PE of NR company	8%	16%	**Minimum Tax**
	Other PEs	10%	20%	
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, 31, 45A Pt. II 2nd Sch.*

Activity		Filer	Non-Filer	Nature of Tax
Sale of rice, cotton seed or edible oil		1.5%	3%	**Advance Tax** for companies and Companies Engaged in Manufacturing
Sale of cigarettes & pharma products by distributors		1%	2%	
Sale by distributors, dealers, sub-dealers, wholesales & Tier-1 retailers integrated & configured with Board (also appearing on Sales Tax ATL) of the following: FMCG | Fertilizer | Electronics (excluding mobile phones) | Sugar | Cement | Steel | Edible oil		0.25%	0.5%	
Sales, supplies & services by taxpayers in the following sectors: Textile & articles thereof | Carpets | Leather & articles thereof | Artificial leather footwear | Surgical goods | Sports Goods		1%	2%	**Minimum Tax** for other cases
Supplies & services to above sectors by Yarn Traders		0.5%	1%	
Other supplies/ sales (incld. Toll Manufacturing)	By companies	4%	8%	
	By AOPs & Individuals	4.5%	9%	
Sale of gold & silver and articles thereof		1%	2%	**Adv. Tax**

Note | No tax to be withheld in case of:
- (a) where aggregate annual payment is below Rs.75,000
- (b) purchase of an asset under lease & buy back agreement by Banks and Non-banking Finance Companies.

PAYMENTS FOR SERVICES | *Sec 153(1)(b), 153(2), Div. III & Div. IV Pt. III 1st Schedule*

Activity		Filer	Non-Filer	Nature of Tax
Transport | Freight forwarding | Air cargo services | Courier | Manpower outsourcing | Hotel services | Security guard | Software development | IT & IT enabled services | Tracking services | Advertising (other than by print/ electronic media) | Share registrar services | Engineering/ Architectural services | Warehousing | Services rendered by AMCs | Data services | Telecom. infrastructure (tower) services | Car rentals | Building maintenance | Services rendered by PSEL & PMEL | Inspection, certification & testing | Training services | Oilfield services | Telecom | Collateral management | Travel & tours | REIT management | NCCPL services		3%	6%	**Minimum Tax**
Advertising services | electronic/ print media		1.5%	3%	
Other services	By companies	8%	16%	
	By AOPs & Individuals	10%	20%	
Stitching, dying, printing, embroidery, washing, sizing & weaving to Exporters		1%	2%	

Note | Not applicable if aggregate annual payment is under Rs.30,000

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

Activity	Filer	Non-Filer	Nature of Tax
Executed for Listed Companies	6.5%	13%	**Adv. Tax**
Executed for Other Companies	6.5%	13%	**Minimum Tax**
Performed by sportspersons	10%	20%	
Other cases	7%	14%	

EXPORTS | *Sec 154 Div. IV Pt. III 1st Sch, Cl. 47C Pt. IV 2nd Schedule*

Activity	Tax Rate	Nature of Tax
Realization of export proceeds	1%	**Final Tax**
Goods sold per inland back-to-back LC	1%	
Export of goods by units in EPZ	1%	
Payments under DTRE Rules to indirect exporters by direct exporters	1%	
Cooking oil/ vegetable ghee exported to Afghanistan, if tax u/s 148 is paid	0%	**Exempt**

EXPORT OF SERVICES | *Sec 154A IVA Pt. III 1st Schedule*

Activity		Tax Rate	Nature of Tax
Software, IT or IT-enabled services by PSEB registered taxpayers		0.25%	**Final Tax**, subject to specified conditions OR/ Optional **Advance Tax**
Services/ technical services	Rendered abroad	1%	
	Exported from Pakistan	1%	
Royalty/ commission/ franchise fees received by a resident company from a foreign entity for use of intellectual property outside Pakistan		1%	
Construction contracts executed outside Pakistan		1%	
Foreign indenting commission		1%	

RENT OF IMMOVABLE PROPERTY | *Sec 155, Div. V Pt. III 1st Sch.*

	Annual Rent (Rs.): From	To	Tax	Nature of Tax
Company			15%	**Advance Tax**
Individual & AOP	Up to 300,000		NIL	
	300,001	600,000	5% of rent exceeding Rs.300K	
	600,001	2,000,000	Rs.15K + 10% of rent above Rs.600K	
	Above 2,000,000		Rs.155K + 25% of rent above Rs.2M	

Note | Rates to be increased by 100% for Non-filers

PRIZES AND WINNINGS | *Sec 156, Div. VI Pt. III 1st Schedule*

Activity	Filer	Non-Filer	Nature of Tax
On a prize bond or crossword puzzle	15%	30%	**Final Tax**
Raffle, lottery, winning quiz & prizes on sales promotion schemes.	20%	40%	

PETROLEUM PRODUCTS | *Sec 156A, Div. VIA Pt. III 1st Schedule*

Activity	Filer	Non-Filer	Nature of Tax
Commission amount / discount allowed to a petrol pump operator	12%	24%	**Final Tax**

Activity	Tax Rate: Filer	Tax Rate: Non-Filer	Nature of Tax

TAX ON MOTOR VEHICLES | *Sec 231B Div. VII Pt. IV 1st Schedule*

Activity	Filer	Non-Filer	Nature of Tax
Purchase/ registration	Various	Increased by 200%	**Advance Tax**
Electric Vehicles (EV) value Rs.5M >	3%		
Transfer of registration/ ownership	Various		
Sale/ transfer of EV valuing Rs.5M >	Rs.20K		
Sale of vehicle on Own-Money	Various		
Leasing to a non-filer	N/A	4%	

BROKERAGE & COMMISSION | *Sec 233, Div. II Pt. IV 1st Schedule*

Activity	Filer	Non-Filer	Nature of Tax
Advertising agent	10%	20%	**Minimum Tax**
Life insurance commission<Rs.0.5M pa	8%	16%	
Others	12%	24%	

TAX ON MOTOR VEHICLES | *Sec 234, Div. VII & III Pt. IV 1st Schedule*

Activity	Filer	Non-Filer	Nature of Tax
Goods Transport Vehicle | Based on laden weight	Rs.2.5/ Kg	Increased by 100%	**Advance Tax**
Goods Transport Vehicle | Laden weight 8,120Kg > after 10 yrs. of registration	Rs.1.2K		
Passenger transport vehicle plying for hire | Based on seating & air- conditioning	Various		
Motor vehicle | Based on engine capacity	Various		

COMMERCIAL, INDUSTRIAL ELECTRICITY CONSUMERS | *Sec 235, Div. IV Pt. IV 1st Sch., Cl. 66 Pt. IV 2nd Schedule*

Gross Monthly Bill: From	To	Tax | *Not applicable to Specified Sectors*	
Up to Rs. 500		NIL	
Rs. 501	Rs. 20,000	10% of amount	
Above Rs. 20,000		**Commercial Consumer**	Rs.1,950 + 12% above Rs.20,000
		Industrial Consumer	Rs.1,950 + 5% over Rs.20,000

For Companies

Nature of Tax	Advance Tax

Other Taxpayers

Annual Bill (Rs.)	Nature of Tax
Up to 360K	Minimum Tax
Above 360K	Advance Tax

Activity	Tax Rate: Filer	Tax Rate: Non-Filer	Nature of Tax

DOMESTIC ELECTRICITY CONSUMERS| *S235, Div. IV, Pt. IV 1st Sch*

Activity	Tax Rate	Nature of Tax
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 Schedule*

Activity	Tax Rate	Nature of Tax
Landline bills exceeding Rs.1,000	10%	**Advance Tax**
Internet & Mobile subscriptions	15%	

SALE BY AUCTION | *Sec 236A, Div. VIII Pt. IV 1st Schedule*

Activity		Filer	Non-Filer	Nature of Tax
Sale by public auction/ tender	Property/ goods	10%	20%	**Advance Tax**
	Immoveable Property	5%	10%	
Lease of collection rights	Fee or Other levies	10%	20%	
	Toll	10%	20%	**Final Tax**

SALE/ TRANSFER/ DISPOSAL OF IMMOVABLE PROPERTY | *Sec 236C, Div. X Pt. IV 1st Schedule*

Activity		Filer	Non-Filer	Nature of Tax
By NRPs where the property acquired via FCVA or NRVA		2%		**Final Tax** (In lieu of CGT)
All other cases	Acquired in same year	2%	4%	**Min. Tax**
	Inheritance/ Gift	Not Applicable		N/A
	Other cases	2%	4%	**Adv. Tax**

ON TV PLAYS & ADVERTISEMENT | *S236CA, Div. XA Pt. IV 1st Sch.*

Activity	Filer	Non-Filer	Nature of Tax
Per episode tax on foreign-produced TV drama serial	Rs. 1M	Rs. 2M	**Minimum Tax**
Tax on foreign-produced single-episode TV play	Rs. 3M	Rs. 6M	
Per second tax on advertisement starring foreign actor	Rs. 0.1M	Rs. 0.2M	

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

Activity	ATL Status: I. Tax	ATL Status: S. Tax	Tax Rate		Nature of Tax
Fertilizers	I. Tax	S. Tax	0.25%		**Advance Tax**
	I. Tax	X	0.7%		
	X	X	1.4%		
Pharmaceuticals | Poultry & animal feed | Edible oil & ghee | Auto-parts | Tyres | Varnishes | Chemicals | Cosmetics | IT equipment | Electronics | Sugar | Cement | Iron & steel products | Motorcycles | Pesticides | Cigarettes | Glass | Textile | Beverages| Paint | Foam			0.1%	0.2%	

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

Activity	Filer	Non-Filer	Nature of Tax
Pharmaceuticals | Poultry & animal feed | Edible oil & ghee | Auto-parts | Tyres | Varnishes | Chemicals | Cosmetics | IT equipment | Electronics | Sugar | Cement | Iron & steel products | Motorcycles | Pesticides | Cigarettes | Glass | Textile | Beverages| Paint | Foam	0.5%	1%	**Advance Tax**

PURCHASE OF IMMOVABLE PROPERTY | *Sec 236K, Div. XVIII Pt. IV 1st Schedule*

Activity		Filer	Non-Filer	Nature of Tax
By NRPs for property acquired via FCVA or NRVA		2%		**Final Tax**
All other cases	Inheritance/ Gift	Not Applicable		N/A
	Normal Purchase	2%	7%	**Adv. Tax**

FOREIGN PAYMENTS VIA DEBIT/ PRE-PAID OR CREDIT CARD | *Sec 236Y, Div. XVIII Pt. IV 1st Schedule*

Activity	Filer	Non-Filer	Nature of Tax
On gross amount remitted abroad	1%	2%	**Adv. Tax**

GLOSSARY OF KEY TERMS

- **AMC** | Asset Management Company
- **AOP** | Association of Persons
- **ATL** | Active Tax-payer List
- **COI** | Certificate of Investment
- **CPPAG** | Central Power Purchasing Agency
- **DTRE** | Duty & Tax Remission Scheme
- **EPZ** | Export Processing Zone
- **FCVA** | Foreign Currency Value A/c.
- **FCY** | Foreign Currency
- **FCYA** | Foreign Currency Account
- **I. Tax** | Income Tax
- **IPPs** | Independent Power Producers
- **LC** | Letter of Credit
- **NCCPL** | National Clearing Company
- **NR** | Non-resident
- **NRP** | Non-resident Pakistani
- **NRVA** | Non-resident Pakistani Rupee Value A/c.
- **PE** | Permanent Establishment
- **PMEL** | Pakistan Mercantile Exchange Ltd.
- **PSEL** | Pakistan Stock Exchange
- **REIT** | Real Estate Investment Trust
- **S. Tax** | Sales Tax
- **SBP** | State Bank of Pakistan
- **Sch.** | Schedule
- **SCRA** | Special Convertible Rupee A/c.
- **Sec** | Section
- **SPV** | Special Purpose Vehicle

REACH US AT…

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