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WITHHOLDING INCOME TAX RATES | TAX YEAR 2027

Proposed for applicability from July 01, 2026 to June 30, 2027 vide the Finance Act, 2026

WHAT THIS DOCUMENT AIMS AT?

This document aims to **summarize the tax law on withholding tax and treatment thereof**, taking into account the proposed amendments **vide the Finance Bill, 2026**. If approved, these tax rates & treatments are to be effective **from July 01, 2026**, i.e., for the **Tax Year 2027**. 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
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
Goods as per Part II of the Twelfth Schedule	Comm. Importers	3.5%	7%	
	Others	2%	4%	
Goods as per Part III of the Twelfth Schedule	Commer. Importers	6%	12%	
	Others	5.5%	11%	
Goods mentioned in SRO 1125(I)/2011	Manu-facturers	1%	2%	
Medicines not manufactured locally as certified by DRAP	All	4%	8%	**Minimum Tax** for *All Other Cases*
CKD Kits for EVs (small cars/ SUVs)/ LCVs with battery up to 50kWh/ 150kWh respectively	All	1%	2 %	

Note: Tax u/s 148 is not applicable where the payment for imported goods has been subjected to Digital Presence Proceeds Levy.

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, 149(1A) Div. I Part I First Schedule*

Taxable Salary From	Taxable Salary To	Rate of Tax		
Up to 600,000		0%		
600,001	1,200,000	1% on > Rs.0.6M		
1,200,001	2,200,000	6,000	PLUS	11% on >Rs.1.2M
2,200,001	3,200,000	116,000	PLUS	20% on > Rs.2.2M
3,200,001	4,100,000	316,000	PLUS	25% on > Rs.3.2M
4,100,000	5,600,000	541,000	PLUS	29% on > Rs.4.1M
5,600,001	7,000,000	976,000	PLUS	32% on > Rs.5.6M
Above 7,000,000		1,424,000	PLUS	35% on > Rs.7M
Pension | Where age is below 70 years and amount > Rs. 10M		5%		
Directorship fee		20%		

Activity			Tax Rate Filer	Tax Rate Non-Filer	Nature of Tax
DIVIDEND | *Sec 150, Div. I Pt. III 1st Sch. & Cl. 18C Pt. II & Cl. 11B Pt. IV 2nd Sch.*					
Paid by IPPs, when it is a pass-through item to be reimbursed by CPPAG			7.5%	15%	Final Tax
Attributable to income from biomass & bagasse-based power projects					
From companies availing exemption or benefits from carried-forward business losses & tax credits			25%	50%	
From mutual funds (Proportional income basis from avg. annual investments in debt securities & equities)	Debt funds	Received by Company	29%	58%	
		Other Recipients	25%	50%	
	Equity funds		15%	30%	
Received from REITs & other cases			15%	30%	
Dividend in specie			15%	30%	
From SPV	By REIT scheme		0%	0%	
	By others		35%	70%	
Intercorporate dividend/ group taxation			Not Applicable		
Dividend to Transmission Line Projects under Transmission Line Policy, 2015					

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

			Filer	Non-Filer	Nature of Tax
Paid by Banks & Financial Institutions	Received by Companies		20%	40%	Advance Tax
	Received by Individuals/ AOPs	Profit up to Rs. 5M			Final Tax
		Profit above Rs. 5M			Advance Tax
Paid on Government Securities (e.g. National Saving, Post Office, T-Bills, etc.)	Received by Individuals	Profit up to Rs. 5M			Final Tax
		Profit above Rs. 5M			Advance Tax
	Received by AOPs	Profit up to Rs. 5M			Final Tax
		Profit above Rs. 5M			Advance Tax
	Received by Companies		15%	30%	Advance Tax
Paid in other cases	Received by Individuals/ AOPs	Profit up to Rs. 5M			Final Tax
		Profit above Rs. 5M			Advance 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 Sch*

		Filer	Non-Filer	Nature of Tax
Returns received by Companies		25%	50%	Advance Tax
Returns rec by AOPs/ Individuals	Up to Rs. 1M	10%	20%	Final Tax
	Above Rs.1M up to 5M	12.5%	25%	
	Above Rs. 5M			Minimum Tax

PREMATURE DISPOSAL OF DEBT SECURITIES | *Sec 151A Div. IIIAA, Pt. III 1st Sch*

	Filer	Non-Filer	Nature of Tax
Gain on premature disposal of debt securities (T-Bills, etc.)	20%	40%	Advance Tax

PAYMENTS BY LIFE INSURANCE COMPANIES & TAKAFUL | *Sec 151B, & 7G Div. IC Pt. III, 1st Sch.*

	Filer	Non-Filer	Nature of Tax
Payout/ benefit within 1 year from date of policy issuance	15% of Surplus Payout over Aggregate Premia		Final Tax
Payout/ benefit after 1 year but before 7 years from date of policy issuance	10% of Surplus Payout over Aggregate Premia		Final Tax
Payout/ benefit account of death, disability or after 7 years from policy issuance	N/A		N/A

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

	Filer	Non-Filer	Nature of Tax
Royalty/ fees for technical services or Fee of offshore digital services	15%		Final Tax
Money transfer operations, Card network services, Payment gateway services, Interbank financial telecom services	10%		

Activity	Tax Rate Filer	Tax Rate Non-Filer	Nature of Tax
IT services and IT enabled services	4%	8%	Minimum Tax
Contracts/ subcontract under a construction, assembly/ installation project (including supply of supervisory activities therefor) and Advertisement services by TV Satellite Channels	7%		Final Tax
Insurance/ re-insurance premium	5%		Final Tax
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 Inst. & Govt. Securities invested via SCRA — If holding period is 6 months or more	10%		
Capital gain to Foreign Companies on disposal of Debt Inst. & Govt. Securities invested via SCRA — If holding period is less than 6 months	20%		
Capital gain to individuals on disposal of Debt Inst. & Govt. Securities invested via FCVA, FCBVA, NRVA & NRBVA	10%		
Profit on FCYAs or COIs under SBP FC Account Scheme	0%		Exempt
Other payments	20%		Advance Tax

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

		Filer	Non-Filer	Nature of Tax
For Goods supplied	Company	5%	10%	Minimum Tax
	Other than Company	5.5%	11%	
Transport | Freight forwarding | Air cargo | Courier | Manpower outsourcing | Hotel | Security guard | Software development | Tracking | Advertising, other than by print/ electronic media | Share registrar | Engineering | Car rentals | Building maintenance | Inspection, certification & testing | Training | Oilfield services		8%	16%	
IT & IT enabled services		4%	8%	
Contract by sports persons		15%	30%	
Other services				
Contracts other than for goods & services		8%	16%	

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.*

			Filer	Non-Filer	Nature of Tax
Sale of rice, cotton seed or edible oil			1.5%	3%	**Advance Tax** for Listed Companies and Companies Engaged in Manu-facturing; **Minimum Tax** for all other cases
Sale of cigarettes by distributors			2.5%	5%	
Sale of 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%	
Supplies & services to above sectors by Yarn Traders			0.5%	1%	
Other supplies/ sales	By companies	Toll Manufacturing	9%	18%	
		Others	5%	10%	
	By AOPs & Individuals	Toll Manufacturing	11%	22%	
		Others	5.5%	11%	
Sale of gold & silver and articles thereof			1%	2%	**Advance Tax**

Notes: (1) ***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.
- (c) Public limited companies, where a Certificate for WHT Exemption has been issued by the Commissioner.

(2) ***Tax to be withheld at reduced rate***, where a Certificate to this effect has been issued by the Commissioner.

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

	Filer	Non-Filer	Nature of Tax
Transport | Freight forwarding | Air cargo | Courier | Manpower outsourcing | Hotel | Security guard | Software development | Tracking | Advertising, other than by print/ electronic media | Share registrar | Engineering/ Architectural services | Warehousing | AMCs | Data services | Telecom. infrastructure (tower) services | Car rentals | Building maintenance | PSEL & PMEL | Inspection, certification & testing | Training | Oilfield services | Telecom | Collateral management | Travel & tours | REIT management | NCCPL services	7%	14%	Minimum Tax
IT services and IT enabled services	4%	8%	
Advertising services | electronic/ print	1.5%	3%	
Professionals working independently | e.g. doctors, lawyers, architects, accountants, software engineers/ developers	15%	30%	
Terminal or port services	12%	24%	
Stitching, dying, printing, embroidery, washing, sizing & weaving to Exporters	1.25%	2.5%	
Other services	14%	28%	

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.

	Filer	Non-Filer	Nature of Tax
Contracts performed by Listed Companies	7.5%	15%	Advance Tax
Contracts performed by Other Companies			Minimum Tax
Contracts performed Individuals/ AOPs	8%	16%	
Contracts performed by sportspersons	15%	30%	

GOODS & SERVICES ACQUIRED VIA E-COMMERCE | Sec 6A, Div IVA Pt I 1st Sch. & Sec 153 (2A) Div III, Pt III 1st Sch.

	Filer	Non-Filer	Nature of Tax
Payment via digital means	1%	2%	(Adjustable for turnover > Rs.200M)
Payment of cash on delivery	2%	4%	Final Tax

Note | Poses a challenge of taxing one economic activity twice for sale of imported goods.

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

	Filer	Non-Filer	Nature of Tax
Realization of export proceeds	1.25%		**Minimum Tax @ 1.25%**
Goods sold per inland back-to-back LC			
Export of goods by units in EPZ			
Payments under DTRE Rules & Export Facilitation Scheme, 2021 to indirect exporters by direct exporters			
Cooking oil/ vegetable ghee exported to Afghanistan, if tax u/s 148 is paid	0%		***Not Applicable***

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

		Filer	Non-Filer	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			
Royalty/ commission/ franchise fees received by a resident company from a foreign entity for use of intellectual property outside Pakistan				
Construction contracts executed outside Pakistan				
Foreign indenting commission				

Activity	Tax Rate Filer	Tax Rate Non-Filer	Nature of Tax
EXPORT OF SERVICES | *Sec 154B IVA Pt. III 1st Schedule*			
Amounts received from social media platforms by Residents borne on ATL from YouTube, Facebook, Instagram, TikTok, etc.	5%	N/A	**Minimum Tax**
Revenues received from social media platforms — Non-resident persons	5%		**Final Tax**

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

	Annual Rent (Rs.) From	Annual Rent (Rs.) To	Tax	Nature of Tax
Company			15%	**Advance Tax** (Rates to be increased by 100% for Non-filers)
Individual & AOP	Up to 300,000		NIL	
	300,001	600,000	5% of rent exc. Rs.300K	
	600,001	2,000,000	Rs.15K + 10% of rent > Rs.600K	
	Above 2,000,000		Rs.155K + 25% of rent > Rs.2M	

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

	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*

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

CASH WITHDRAWAL | *Sec 231AB*

	Filer	Non-Filer	Nature of Tax
Cash withdrawal exceeding Rs. 50,000	0%	0.8%	Advance Tax

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

	Filer	Non-Filer	Nature of Tax
Purchase/ registration	Various	Inc-reased 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%	

TAX ON FOREIGN DOMESTIC WORKERS | *Sec 231C*

	Filer	Non-Filer	Nature of Tax
Agency/ Sponsor/ Person to whom visa is issued or renewed for Foreign National	Rs. 200K	Rs. 400K	Advance Tax

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

	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*

	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	Gross Monthly Bill To	Tax | *Not applicable to Specified Sectors*	
Up to Rs. 500		NIL	
Rs. 501	Rs. 20,000	10% of amount	
Above Rs. 20,000		Commer-cial 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

DOMESTIC ELECTRICITY CONSUMERS| *S 235, Div. IV, Pt. IV 1st Sch*

	Filer	Non-Filer	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*

	Filer	Non-Filer	Nature of Tax
Landline bills exceeding Rs.1,000	10%		Advance Tax
Internet & Mobile subscriptions	15%	75%	

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

		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			Final Tax

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

		Filer	Non-Filer	Nature of Tax
By NRPs where the property acquired via FCVA or NRVA		3% (In lieu of CGT)		Final Tax
All other cases	Acquired in same year	3%		Minimum Tax
	Gift	N/A		N/A
	Other disposals	2.75%	5.5%	Advance Tax

ON FUNCTIONS AND GATHERINGS | *S236CB, Div. XI Pt. IV 1st Sch.*

	Filer	Non-Filer	Nature of Tax
Advance tax on functions and gatherings	**10%**	**20%**	Advance Tax

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

	ATL Status I. Tax	ATL Status S. Tax	Filer	Non-Filer	Nature of Tax
Fertilizers	I. Tax	S. Tax	**0.25%**		Advance Tax
	I. Tax	X	**0.7%**		
	X	X	**1.4%**		
Other than Fertilizers			**0.1%**	**2%**	

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

	Filer	Non-Filer	Nature of Tax
All cases	**0.5%**	**2.5%**	Minimum Tax

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

		Filer	Non-Filer	Nature of Tax
By Non-Resident via FCVA or NRVA		0%		N/A
All other cases	Inheritance/ Gift	Not Applicable		N/A
	Normal Purchase	1.25%	2.5%	Advance Tax

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

	Filer	Non-Filer	Nature of Tax
On gross amount remitted abroad	0.5%	1%	Advance Tax

BONUS SHARES ISSUED BY COMPANIES | *Sec 236Z*

	Filer	Non-Filer	Nature of Tax
Value of the bonus shares issued	10%	20%	Final 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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