

# TAX RATES FOR THE TAX YEAR 2023

## TAX RATES FOR AOP & BUSINESS INDIVIDUALS

1.	Upto Rs.600,000	0%
2.	Rs.600,001 to Rs.800,000	5% of the amount exceeding Rs.600,000
3.	Rs.800,001 to Rs.1,200,000	Rs.10,000 + 12.50% of the amount exceeding Rs.800,000
4.	Rs.1,200,001 to Rs.2,400,000	Rs.60,000 + 17.50% of the amount exceeding Rs.1,200,000
5.	Rs.2,400,001 to Rs.3,000,000	Rs.270,000 + 22.50% of the amount exceeding Rs.2,400,000
6.	Rs.3,000,001 to Rs.4,000,000	Rs.405,000 + 27.50% of the amount exceeding Rs.3,000,000
7.	Rs.4,000,001 to Rs.6,000,000	Rs.680,000 + 32.50% of the amount exceeding Rs.4,000,000
8.	Exceeding Rs.6,000,000	Rs.1,330,000 + 35% of the amount exceeding Rs.6,000,000

## TAX RATES FOR SALARIED INDIVIDUALS

1.	Upto Rs.600,000	0%
2.	Rs.600,001 to Rs.1,200,000	2.50% of the amount exceeding Rs.600,000
3.	Rs.1,200,001 to Rs.2,400,000	Rs.15,000 + 12.50% of the amount exceeding Rs.1,200,000
4.	Rs.2,400,001 to Rs.3,600,000	Rs.165,000 + 20% of the amount exceeding Rs.2,400,000
5.	Rs.3,600,001 to Rs.6,000,000	Rs.405,000 + 25% of the amount exceeding Rs.3,600,000
6.	Rs.6,000,001 to Rs.12,000,000	Rs.1,005,000 + 32.50% of the amount exceeding Rs.6,000,000
7.	Exceeding Rs.12,000,000	Rs.2,955,000 + 35% of the amount exceeding Rs.12,000,000

**Note:** 25% Reduction in Tax for full time Teacher except practicing doctors.

**Note:** Salary rate applicable where salary income exceeds 75% of total taxable income.

## TAX ON DEEMED INCOME (SECTION 7E) <sup>New</sup>

Amount equal to 5% of FMV of capital assets aggregating value exceeding Rs.25(M) situated in Pakistan held on the last day of tax year would be considered deemed income. The rate of tax u/s 7E shall be 20%.

**Note:** 7E inserted by Finance Act, 2022 and applicable from Tax Year 2022 and onward.

## TAX RATES OF COMPANIES

Banking Company	39%
Small Company	20%
Any other Company	29%
Alternate Corporate Tax (Section 113C)	17%

## WITHHOLDING ON INCOME FROM PROPERTY U/S 155 FOR IND. & AOP

Upto Rs.300,000	NIL
Rs.300,001 to Rs.600,000	5.0% of the gross amount Exceeding Rs.300,000
Rs.600,001 to Rs.2,000,000	Rs.15,000 + 10.0% of the gross amount Exceeding Rs.600,000
Exceeding Rs.2,000,000	Rs.155,000 + 25.0% of the gross amount Exceeding Rs.2,000,000

## DEDUCTION ON INCOME FROM PROPERTY U/S 155 FOR COMPANIES

The rate of tax to be deducted shall be 15% of gross amount of rent.

## RATE FOR PROFIT ON DEBT - SECTION 7B

Ind. & AOP except Company where profit on debt does not exceed Rs.5,000,000	15%
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## SPECIAL TAX REGIME FOR SMALL & MEDIUM ENTERPRISES <sup>New</sup>

Category	Opting NTR	Opting FTR
Annual turnover does not exceeds Rs.100,000,000	7.5% of taxable income	0.25% of gross turnover
Annual turnover exceeds Rs.100,000,000 but does not exceeds Rs.250,000,000	15% of taxable income	0.5% of gross turnover

**Note:** 1) Definition 2(59A), Section 100E & Fourteenth Schedule inserted vide Finance Act, 2021. 2) SME should be engaged in manufacturing as defined in clause (iv) of sub-Section (7) of Section 153. 3) SME should be registered either with FBR or SMEDA. (4) Section 113 shall not apply to SMEs. 5) Tax deducted u/s 153 shall not be minimum tax. (6) SMEs opting FTR will be excluded from audit u/s 177 and 214C. (7) NTR or FTR once opted will be irrevocable for next three years.

## ADJUSTABLE TAX

Nature of Payment	Section	Rate (ATL)
Profit on debt (Company) or yield > 50(M) wrt Ind & AOP	151	15.0%
Sale of gold and silver and articles - <b>Clause 31 New</b>	153(1)(a)	1.0%
Royalty to Resident Persons	153(B)	15.0%

## MAXIMUM TAX

Goods Classified in Part-I of the Twelfth Schedule and manufacturers covered under SRO 1125(1)/2011	148	1.0%
Goods Classified in Part-II - Commercial Importer <b>New</b>	148	3.5%
Goods Classified in Part-II of the Twelfth Schedule - Others	148	2.0%
Goods Classified in Part-III of the Twelfth Schedule	148	5.5%
Persons importing finished Pharmaceutical Products	148	4.0%

**Note:** Minimum Tax in case of import of edible oil, packing material, paper/board or plastics.

**Note:** Adjustable Tax in case of industrial undertaking for its own use.

## FINAL DISCHARGE OF TAX

Nature of Payment	Section	Rate (ATL)
Dividend	150	7.5% to 25.0%
Exports	154	1.0%
Exports proceeds of Computer Software or IT Services	154A	0.25%
Prize Bond (Winnings from raffle, lottery, quiz @ 20% u/s 156(2))	156(1)	15.0%
Commission on Petroleum Products	156A	12.0%

## MINIMUM TAX

Nature of Payment	Section	Rate (ATL)
Individuals & AOPs [having annual turnover Rs.100 Million or more] and Companies (Except otherwise specified)	113	1.25% of Turnover
SSGCL, SNGPL, PIA & Poultry Industry	113	0.75% of Turnover
Distributors of Pharma, FMCG, Cigarettes; Petroleum Agent (ST); Rice Mills & dealers; Flour Mills; Tier-1 retailer of FMCG (POS); online market place; / Sale & Purchase of used vehicles; Distributors, dealers, sub-dealers, wholesalers or retailers of FMCG, fertilizer, mobile phones (local), sugar, electronics excluding imported mobile phones, cement, steel and edible oil (ATL in ST & IT) <b>(24D)</b>	113	0.25% of Turnover
OMC, OR, Motorcycle dealers (ST);/ Ind Yarn Trader <b>(28E)</b>	113	0.50% of Turnover
Profit on debt does not exceed Rs.5,000,000 (Ind & AOP)	151	15.0%
Contracts by non-residents	152(1A)	7.0%
Sale of Goods including toll mafg. (Companies)	153(1)(a)	4.0%
Sale of Goods including toll mafg. (Other than Companies)	153(1)(a)	4.5%
Sale of cigarette and pharma products by distributors <b>(24A);</b>	153(1)(a)	1.0%
Sale of Rice, Cotton Seed Oil & Edible Oils	153(1)(a)	1.5%
Sale by distributors, dealers, sub-dealers, wholesalers and retailers of FMCG, fertilizer, electronics excluding mobile phones, sugar, cement, steel and edible oil (ATL in IT & ST) <b>(24C)</b>	153(1)(a)	0.25%
Sale by manufacturer-cum-exporter <b>(45);</b> Purchase of used vehicle from general public <b>(45B);</b> Commercial Importer <b>(47A)</b>	153(1)(a)	NA
Services (Companies)	153(1)(b)	8.0%
Services (Other than Companies)	153(1)(b)	10.0%
Transport Services, freight, air cargo, courier, hotel, security guards, manpower outsourcing, car rental, advertising excluding electronic & print media, software development, IT, tracking, building maintenance & allied.	153(1)(b)	3.0%
Electronics & Print Media advertising Services	153(1)(b)	1.5%
Local sales, supplies and services provided to textile, Carpets, leather, surgical and sports good - 5 Sectors <b>(45A)</b>	153(1)	1.0%
Local sales & services by yarn traders to 5 sectors <b>(45A)</b>	153(1)	0.5%
Contracts (Companies)	153(1)(c)	6.5%
Contracts (Other than Companies)	153(1)(c)	7.0%
Contracts (Sportspersons)	153(1)(c)	10.0%
Services of Stitching, Dyeing, Printing, Embroidery, Washing, Sizing & Weaving to Exporters or export house	153(2)	1.0%
Advertising Agents Commission	233(1)	10.0%
Life Insurance Agent Commission less than Rs.500,000	233(1)	8.0%
Online Market Place - Section 2(38B) - <b>Clause 28C</b>	233(1)	5.0%
Brokerage & Commission (Other than above)	233(1)	12.0%
Electricity Bill	235(4)(a)	Upto Bill Rs.360,000 P.A Upto Bill Rs.30,000 P.M

\* Tax deducted u/s 153(1)(a) not be minimum in case of manufacturer or listed company.

\* Tax deducted u/s 153(1)(c) is adjustable in case of listed company.

## TRANSITIONAL ADVANCE TAX - Division II Part IV of First Schedule

Nature of Payment	Section	Rate (ATL)
Sale by auction (movable property) - Adjustable	236A*	10%
Sale by auction (immovable property) - Adjustable	236A	5%
Sale or transfer of Immovable property (Minimum tax in case if property is acquired and disposed off within the same tax year)	236C	2.0%
<b>Sale to distributors, dealers or wholesalers *</b>		
Fertilizers ( <b>Note:</b> in case of ATL in ST & IT @ 0.25%)	236G	0.7%
Sale to distributors, dealers or wholesalers - Others		0.1%
Sale to retailers *	236H	0.5%
Purchase of immovable property	236K	2% of FMV
Amount remitted abroad through credit, debit cards	236Y	1%

\* 236A: Sale by auction as right to collect tolls shall be final tax.

\* 236G: Pharmaceuticals, poultry and animal feed, edible oil and ghee, auto-parts, tyres, varnishes, chemicals, cosmetics, IT equipment, electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector

\* 236H: All categories of 236G above except Fertilizer which was omitted vide Finance Act, 2015.

## RULES FOR PERSON NOT APPEARING IN ATL

**Note:** All rates defined in this card for persons appearing in Active Taxpayer's List. In case of person not appearing in the ATL, the rate of tax required to be deducted or collected, shall be **increased by 100% of the rate** specified in 1st Schedule.

Provided that the tax required to be collected under **Section 231B** shall be increased by 200% and under **Section 236K** shall be increased by 250% of the rate specified above.

**Exclusion:** Increase rate will not be applied on withholding of following sections: Section 149, 152 other than sub-section (2A)(a),(b)(c), 152(2) read with clause (5A) & (5AA) of Part II of 2nd Sch., 154, 154A, 235 & 236.

\* **A word of caution:** Due care and caution has been taken to print this paper and if any error, mistake or mission is found to have crept in, the information would be gladly accepted and efforts would be made to remove the same in next time. for further detail please consult the relevant Law.

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# IMPORTANT PROVISIONS

## SUPER TAX ON HIGH EARNING PERSONS (SECTION 4C) <sup>New</sup>

Where income does not exceed Rs.150 (M)	0%
Where income exceeds Rs.150 (M) but does not exceed Rs.200 (M)	1%
Where income exceeds Rs.200 (M) but does not exceed Rs.250 (M)	2%
Where income exceeds Rs.250 (M) but does not exceed Rs.300 (M)	3%
Where income exceeds Rs.300 (M)	4%
Where income exceeds Rs. 300 (M) on below categories - TY 2022 only	10%

**Categories:** Airline, automobile, beverages, cement, chemicals, cigarette and tobacco, fertilizer, iron and steel, LNG terminal, OMC, oil refining, petroleum and gas, pharma, sugar and textiles.  
**Note:** Section 4C is applicable from Tax Year 2022 except banking company. Provided that for TY 2023 the rate for banking company shall be 10% where income exceeds Rs.300(M).

## TAX ON GAIN OF IMMOVABLE PROPERTY - Section 37(1A) <sup>New</sup>

Holding Period	Open Plots	Constructed	Flat
Where the holding period < 1 year	15%	15%	15%
Where the holding period > 1 Year but < 2 years	12.5%	10%	7.5%
Where the holding period > 2 Years but < 3 years	10%	7.5%	0
Where the holding period > 3 Years but < 4 years	7.5%	5%	-
Where the holding period > 4 Years but < 5 years	5%	0	-
Where the holding period > 5 Years but < 6 years	2.5%	-	-
Where the holding period > 6 years	0%	-	-

## TAX ON BUILDERS - SECTION 7C

(A) Karachi, Lahore and Islamabad		(B) Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta		(C) Urban Areas not specified in A and B	
<b>For commercial buildings</b>					
Rs.210/ Sq Ft		Rs.210/ Sq Ft		Rs.210/ Sq Ft	
<b>For residential buildings</b>					
Area in Sq.Ft	Rate/ Sq.Ft	Area in Sq.Ft	Rate/ Sq.Ft	Area in Sq.Ft	Rate/ Sq.Ft
up to 750	Rs.20	up to 750	Rs.15	up to 750	Rs.10
751 to 1500	Rs.40	751 to 1500	Rs.35	751 to 1500	Rs.25
1501 & more	Rs.70	1501 & more	Rs.55	1501 & more	Rs.35

## TAX ON DEVELOPERS - SECTION 7D

(A) Karachi, Lahore and Islamabad		(B) Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta		(C) Urban Areas not specified in A and B	
<b>For commercial buildings</b>					
Rs.210/ Sq Yd		Rs.210/ Sq Yd		Rs.210/ Sq Yd	
<b>For residential buildings</b>					
Area in Sq.Yd	Rate/ Sq.Yd	Area in Sq.Yd	Rate/ Sq.Yd	Area in Sq.Yd	Rate/ Sq.Yd
up to 120	Rs.20	up to 120	Rs.15	up to 120	Rs.10
121 to 200	Rs.40	121 to 200	Rs.35	121 to 200	Rs.25
201 & more	Rs.70	201 & more	Rs.55	201 & more	Rs.35

## TAX ON ELECTRICITY CONSUMPTION U/S 235

1.	upto Rs.500	Rs.0
2.	exceeds Rs.500 but does not exceed Rs.20,000	10% of the amount
3.	exceeds Rs.20,000	
	Commercial consumers	Rs.1,950 + 12% of above
	Industrial consumers	Rs.1,950 + 5% of above
<b>Domestic Electricity Consumption</b>		
1.	Less than Rs.25,000	0%
2.	Rs. 25,000 or above	7.5%

## PUNJAB AGRICULTURAL INCOME TAX ACT, 1997

**1st Schedule:** Slab of total cultivated land, computed rate of tax as per acre as irrigated land, by treating one acre of irrigated land as equal to two acre of un-irrigated land, excluding mature orchards.

1.	Not exceeding 12½ acres	Exempt
2.	Exceeding 12½ acres but not exceeding 25 acres	Rs.300/- per acre
3.	Exceeding 25 acres but not exceeding 50 acres	Rs.400/- per acre
4.	Exceeding 50 acres	Rs.500/- per acre
<b>Mature orchards</b>		
1.	Irrigated	Rs.600/- per acre
2.	Unirrigated	Rs.300/- per acre

## 2nd Schedule: (The rate of tax on total agriculture income)

1.	Upto Rs.400,000	0%
2.	Rs.400,001 to Rs.800,000	Rs.1,000
3.	Rs.800,001 to Rs.1,200,000	Rs.2,000
4.	Rs.1,200,001 to Rs.2,400,000	5% of the amount exceeding Rs.1,200,000
5.	Rs.2,400,001 to Rs.4,800,000	Rs.60,000 + 10% of the amount exceeding Rs.2,400,000
6.	Exceeding Rs.4,800,000	Rs.300,000 + 15% of the amount exceeding Rs.4,800,000

**Note:** The rate of Punjab Agricultural Income Tax Act, 1997 substituted by Punjab Finance Act, 2020 and applicable from Tax Year 2021 to onward.

# TAX RATES FOR THE TAX YEAR 2022

## TAX RATES FOR AOP & BUSINESS INDIVIDUALS

1.	Upto Rs.400,000	0%
2.	Rs.400,001 to Rs.600,000	5% of the amount exceeding Rs.400,000
3.	Rs.600,001 to Rs.1,200,000	Rs.10,000 + 10% of the amount exceeding Rs.600,000
4.	Rs.1,200,001 to Rs.2,400,000	Rs.70,000 + 15% of the amount exceeding Rs.1,200,000
5.	Rs.2,400,001 to Rs.3,000,000	Rs.250,000 + 20% of the amount exceeding Rs.2,400,000
6.	Rs.3,000,001 to Rs.4,000,000	Rs.370,000 + 25% of the amount exceeding Rs.3,000,000
7.	Rs.4,000,001 to Rs.6,000,000	Rs.620,000 + 30% of the amount exceeding Rs.4,000,000
8.	Exceeding Rs.6,000,000	Rs.1,220,000 + 35% of the amount exceeding Rs.6,000,000

## TAX RATES FOR SALARIED INDIVIDUALS

1.	Upto Rs.600,000	0%
2.	Rs.600,001 to Rs.1,200,000	5% of the amount exceeding Rs.600,000
3.	Rs.1,200,001 to Rs.1,800,000	Rs.30,000 + 10% of the amount exceeding Rs.1,200,000
4.	Rs.1,800,001 to Rs.2,500,000	Rs.90,000 + 15% of the amount exceeding Rs.1,800,000
5.	Rs.2,500,001 to Rs.3,500,000	Rs.195,000 + 17.5% of the amount exceeding Rs.2,500,000
6.	Rs.3,500,001 to Rs.5,000,000	Rs.370,000 + 20% of the amount exceeding Rs.3,500,000
7.	Rs.5,000,001 to Rs.8,000,000	Rs.670,000 + 22.5% of the amount exceeding Rs.5,000,000
8.	Rs.8,000,001 to Rs.12,000,000	Rs.1,345,000 + 25% of the amount exceeding Rs.8,000,000
9.	Rs.12,000,001 to Rs.30,000,000	Rs.2,345,000 + 27.5% of the amount exceeding Rs.12,000,000
10.	Rs.30,000,001 to Rs.50,000,000	Rs.7,295,000 + 30% of the amount exceeding Rs.30,000,000
11.	Rs.50,000,001 to Rs.75,000,000	Rs.13,295,000 + 32.5% of the amount exceeding Rs.50,000,000
12.	Exceeding Rs.75,000,000	Rs.21,420,000 + 35% of the amount exceeding Rs.75,000,000

**Note:** 25% Reduction in Tax for full time Teacher except practicing doctors.

**Note:** Salary rate applicable where salary income exceeds 75% of total taxable income.

## TAX RATES OF COMPANIES

Banking Company	35%
Public & Private Company	29%
Alternate Corporate Tax	17%
Small Company	21%

## GAIN ON IMMOVABLE PROPERTY U/S 37 (Part-I, Div-VIII, 1st Sch)

Where the holding period does not exceed 1 year	100%
Where the holding period exceeds 1 year but does not exceed 2 years	75%
Where the holding period exceeds 2 year but does not exceed 3 years	50%
Where the holding period exceeds 3 year but does not exceed 4 years	25%
Where the holding period exceeds 4 years	0

## CALCULATION OF TAX ON GAIN COMPUTED ABOVE

Where the gain does not exceed Rs.5 million	3.5%
Where the gain exceeds Rs.5 million but does not exceed Rs. 10 million	7.5%
Where the gain exceeds Rs.10 million but does not exceed Rs. 15 million	10%
Where the gain exceed Rs.15 million	15%

## TAXATION OF COTTON GINNERS <sup>New</sup>

Minimum Tax / Normal Tax above of 1% of total turnover from cotton lint, cotton seed, cotton seed oil and cotton seed cake shall be reduced. Clause (17), Part III of 2nd Sch.  
**Note:** Total Income can be worked out through imputable formula. This clause is applicable onwards from Tax Year 2020 on cotton ginner / composite units only.

With compliments from

## MUHAMMAD IMRAN GHAZI

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