

FINANCE ACT

2023



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PREFACE

This document gives a brief insight into major amendments made through the Finance Act, 2023. To understand the impact of a particular proposed change, reference should be made to the specific wording in the relevant statutes.

This document is accurate to the best of our knowledge and belief at the time of its provision for issuance. It is intended to provide only a general outline of the Finance Act passed by the National Assembly of Pakistan for the fiscal year 2023-24. Expert opinion on specific proposed changes should be sought before taking a decision having major economic significance. PKF F.R.A.N.T.S., Chartered Accountants, and PKFI do not accept any responsibility for any loss arising from any action taken or not taken by anyone using this document.

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INCOME TAX ORDINANCE

DEFINITIONS:

• Clause 29 has been inserted to enhance the scope of "income" by adding Bonus Shares in the definition of income. Bonus shares were specifically excluded in the definition of income till Finance Act 2014 and earlier it was included in the definition of dividend income under clause 19. Now, bonus shares are included under the head of "income from other sources" under section 39(lb.). A new section 236Z has been added under which Advance Tax shall be collected from shareholders by the companies on the issuance of Bonus Shares (notional income) at the rate of 10% on the value as below:

Listed Companies: Day-end price on the first day of closure of books
Other Companies: As prescribed

Section 236Z further requires the Companies to deposit the tax collected within 15 days of the closure of books even if the company was not able to collect tax from the shareholder. However, companies can dispose off the bonus shares to the extent of the recoverable tax if the shareholder does not pay tax and collect his bonus shares. The value of Bonus shares will be treated as income from other sources and the tax so collected will be the final tax. Accordingly, sections 168 and 169 are also amended.

• The scope of "permanent establishment" under clause 41 has been widened, as earlier only establishments having Fixed Place was included in the definition. Now a person with a Mobile Place can also be treated as a permanent establishment.

Another amendment has been inserted to include any entity engaged by the person for furnishing services, in addition to employees and personnel. However no such amendment has been made in the definition of "PE" in Double-Tax Treaties.

SUPERTAX

Super Tax on high-earning persons was imposed under section 4C through Finance Act 2022. The Super Tax has been increased from 4% to 10% introducing different slabs and made applicable across the board rather than limiting it to ten sectors. The tax slabs given at the end. Now the provision of Advance Tax under section 147 has also been added which is applicable from TY2024 on total income tax payable including Super Tax. A similar amendment has been made in section 147. Similarly, section 100B is also amended to include the super tax on capital gains on disposal of securities.

INACTIVE TAXPAYERS DO NOT GET EXEMPTION UNDER 7E

Section 7E which was inserted through the last Finance Act 2022 whereby the income tax on deemed income was levied. It also gave certain exemptions to the taxpayers where the deemed income on their capital assets was not applicable. This was available across the board to all persons. The following tax exemptions are not available to inactive taxpayers now:

- One capital asset
- Any property from which income is chargeable to tax under the Ordinance and tax leviable is paid thereon.
- Capital asset in the first tax year of acquisition where tax under section 236K has been paid.
- Where the fair market value of the capital assets in aggregate excluding capital assets mentioned therein doesn't exceed Rs 25 Million.

Its is worth-mentioning that Lahore High court (single bench) has declared this section unconstitutional and department is in appeal (ICA) against this order.

SALARY EXPENSE PAID IN CASH

In line with the increase in the minimum wage to Rs. 32,000 per month, the limit of payments to an individual on account of salary paid or payable other than by a crossed cheque or direct transfer of funds to the employee's bank account or through digital has been increased from Rs.25,000/month to Rs. 32,000/month. Now monthly salary paid in cash upto Rs 32,000 will be allowable expense.

GAIN ON DISPOSAL OF SHARES

Under Section 37A, Capital gain on the disposal of securities is chargeable to tax as separate block of income at slab rates depending upon holding period. Now the Act has provided that this section shall not apply to the disposal of:

- shares of listed companies made otherwise than through the registered stock exchange and which are not settled through NCCPL.
 - shares through initial public offering during the listing process except where the detail of such disposal is furnished to NCCPL for computation of capital gains and tax thereon under this section.
- Resultantly, the provision of section 37 shall apply to such disposal of shares and gain on such shares shall be taxed as normal taxable income.

FOREIGN INVESTMENT - REQO DIK

A scheme of foreign investment was introduced through Foreign Investment (Promotion and Protection) Act, 2022 promulgated in December 2022 to protect the foreign investor in the Rejo Dik Project in Balochistan wherein the project/company was given complete protection from all types of taxes, levies, and duties. Now Section 44 is inserted to exempt such projects from income, including capital gain, withholding tax, minimum tax, and final taxes chargeable under the Income Tax Ordinance.

ASSOCIATE AND RELATIVES

Section 85 defining the scope of the Associates has been further amended as below:

- Where one person sufficiently influences either alone or together with associate the other person. The term 'sufficiently influence' is explained as a situation where one person or both persons, directly or indirectly, are economically and financially dependent on each other and decisions are made by the directions, instruction, or wishes of each other for a common economic goal.
- Where one person enters into a transaction directly or indirectly with the other who is a resident of a jurisdiction with a zero-taxation regime (as may be prescribed), shall be treated as an Associate.

The concept of associate has been widened to cater benami transactions and will give more power to FBR when the transaction occurs between associates under financial control or with resident of a jurisdiction with a zero-taxation regime so that the tax avoidance in those transactions can be thoroughly checked and avoided.

ADDITIONAL TAXES ON CERTAIN INCOME, PROFIT AND GAINS

An overriding section 99D has been added, through which additional tax shall be imposed on every person who has any income, profit, or gains that have arisen to any person or class of persons due to any economic factor or factors that resulted in unexpected income, profits, or gains whether or not disclosed in the financial statements. Alarming, the implications of this section will be on any of the preceding three tax years from the tax year 2023 and onwards.

The Federal Government has to notify and determine the economic factors, tax rates, scope, time, and exemptions via a gazette notification and place the notification before the National Assembly within earlier of 90 days of issuance of notification or by the 30th day of June of the financial year.

Economic factor(s) may initially be international price fluctuation

having a bearing on any commodity price in Pakistan or any sector of the economy or difference in foreign currency fluctuation. The tax rate is a maximum up to 50%.

Federal Government may exempt any person or classes of persons, any income, or classes of income from the application of this section, subject to any condition as may be specified. However, the addition to the rules of the Fourth, Fifth, and Seventh Schedules indicates that this section is also applicable to Insurance businesses, Petroleum companies, and Banking companies. This appears to be an 'intractable move' by the government with an indefinite scope and it may be prone to misuse of authority by the FBR officials. However, as economic factors, rate of tax, scope, time and payment of tax have to be specified through notification in official Gazette, these provisions will not be effective until such notification is issued.

UNEXPLAINED INCOME/ASSET AND FOREIGN REMITTANCES

- The Finance Bill 2023 proposed to raise the limit of foreign remittance for the purpose of explaining source of investment up to USD 100,000 in a financial year but the same is not approved by the Finance Act 2023; Therefore the present limit of Rs. 5 million will remain intact and FBR cannot require source of investment made through foreign remittance upto Rs 5 million received through normal banking channel in a financial year.
- This is just to refresh the Exporters that they have to prepare the financial statements and get these audited for the tax year 2023 and submit them along with their tax returns. As an important amendment targeting the final tax regime businesses, particularly for exporters, was introduced through Finance Act 2022 which provided that the exporter shall not be entitled to take credit for any sum above imputable income. The imputable income on work back formula as devised under section 2(28A) ranges from 3% to 5% of export. If the profit of any exporter exceeds the 3% to 5% range, then they are

required to submit the financial statements duly audited by a firm of Chartered Accountants. Even after the submission of audited accounts, the officer has the authority to make sure that "the excess amount is reasonably attributed to the business activities."

ALTERNATIVE DISPUTE RESOLUTION (ADR)

Section 134A is being substituted every year since 2020. ADR has been revamped and the composition of ADR committee has been restored as of 2020. Now the Board shall appoint a committee within 15 days of application, comprising of a retired judge not below the rank of High court judge who shall also be the Chairperson. One member shall be the Chief Commissioner of RTO and one member shall be nominated by the aggrieved person from professionals like CA, CMA or Advocate having at least ten year experience or a retired officer of Inland Revenue not below the rank of 21 grade or any reputable business man. Since last year another restriction was imposed that only the cases having tax liability or refund over Rs 100 million can be referred for ADRC. Further the application for ADRC shall be accompanied by an initial proposition for resolution of the dispute including an offer for tax.

RECOVERY OF LIABILITY OUTSTANDING UNDER OTHER LAWS

A new Section 146D has been added, that any outstanding liability under any statute or law concerning any defaulter, Commissioner Inland Revenue shall make the recovery of such liability and deposit the recovered liability in the designated account specified in that law.

WITHHOLDING TAX EXEMPTION TO NON-RESIDENTS

While making a payment to a non-resident, an exemption certificate is required under 152(5A) where the Commissioner is required to issue the certificate or pass an order within 30 days of the receipt of the request from the withholding agent. Now further facilitation has been given under this

section that where the Certificate/order is not issued by Commissioner within 30 days, the Certificate shall be automatically processed in IRIS and issued. However, the commissioner may modify or cancel the certificate, which is issued automatically by the system, based on reasons to be recorded after providing the opportunity of being heard to the taxpayer.

AMENDMENTS IN ADVANCE TAX PROVISIONS

- As explained above, tax under section 4C will also be considered as part of the tax payable while discharging advance tax liability.
- A new sub-section 5C is added to collect advance tax at the rates/slabs mentioned at the end of this booklet on the Construction and disposal of residential, commercial, or other buildings; or development and sale of residential, commercial, or other plots for itself or otherwise.

EXPORT FACILITATION SCHEME 2021 (EFS)

An amendment has been made in Section 154(3B) to allow the exporters registered under EFS to deduct tax at the rate of 1% while making payments to indirect exporters which shall be the final discharge of the tax liability of indirect exporters.

EXPORT OF SERVICES

A proviso has been added under section 154A(2)© which excludes the exporters of IT services from the requirement of filing of sales tax returns under the Federal or Provincial Laws.

INTERNATIONAL CENTER OF TAX EXCELLENCE

A new section 230J has been enacted to establish an institute titled as International Center of Tax Excellence. The Board may establish a committee to monitor the Institute including the appointment of the Project Director for the purpose and provide such data to the Institute as is necessary for processing and analysis and for discharging its obligations. Provided that such data shall be anonymized before transmission to the Institute and

identifying particulars of the taxpayers shall be kept confidential in accordance with the provisions of Section 216(7). Functions, structure, roles, resources, data, and functions of this institute shall be as under:

Functions	Contribute in: <ul style="list-style-type: none"> * Development of tax policy, Model national tax policy * Delivery of interdisciplinary research in tax administration and policy * International tax cooperation, Revenue forecasting * Conducting international seminars, workshops and conferences, Capacity building of Inland Revenue Officers, Tax analysis * Improvement in design and delivery of tax administration for maximizing revenue within existing provisions to close the tax gap or any other function as directed by the Board or the Federal Government.
Structure	Nominating Committee: Members: Minister-in-Charge, Secretary Revenue Division, and Secretary Finance Roles: <ol style="list-style-type: none"> 1. Recommend a panel to the Federal Government for the appointment of an Executive Director and independent members of the Executive Committee, which shall be appointed by the Federal Government. 2. Prescribe criteria for making recommendations of the panel for the Executive Director and independent members of the Executive Committee.

Executive Committee:

Members: Chairman FBR, Member (IR-Policy), Member (IR- Operations) and two independent members to be appointed by the Federal Government. Executive Director shall act as Secretary of the Executive Committee.

Roles:

1. EC shall assign the requirements of the Board to be undertaken by the Institute, during the year.
2. Prescribe rules for recruitment of the employees of the Institute. At least 50% of the employees shall be serving or retired Inland Revenue officers having at least 5 years of experience in tax policy or tax administration. The remuneration and term of employment of the employees of the Institute shall be as prescribed by the Federal Government.

Executive Director:

Chief Executive of the Institute and shall be independent.

WITHHOLDING TAX ON CASH WITHDRAWALS

Once again the advance adjustable tax shall be deducted, under section 231AB, by the banks at the rate of 0.6% of the cash withdrawals from the banks by a person whose name is not appearing on Active Taxpayer List on the sum total of cash withdrawal from bank accounts in a day exceeding Rs. 50,000. It has been further clarified that the said Rs 50,000 shall be the aggregate of cash withdrawals from all bank accounts in a single day.

ADVANCE TAX ON FOREIGN DOMESTIC WORKERS

Any authority which is issuing a domestic aide visa to a foreign national as a domestic worker shall collect an advance tax of Rs. 200,000 from the agency, sponsor or the personal employing such foreign national at the time of issuing or renewing the visa. This tax is adjustable for with-holdee as per section 231C.

ADVANCE TAX ON THE SALE OF PROPERTY, 236C

A new sub-section 2A has been added which enables the person responsible for registering, recording, or attesting transfer of any immovable property shall not register, record or attest transfer unless the seller or transferor has discharged its tax liability under section 7E and evidence to this effect has been furnished to the said person in the prescribed mode, form and manner. This is very strange amendment because these authorities donot have any access to confirm whether the transferor/seller owe any tax liability u/s 7E or not. It is also not mentioned any limit upto which the authorities can require such information from the seller.

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate
Salaried Individual – Section 12, 149 & 1st Schedule		
1	Where taxable Income does not exceed Rs. 600,000	0%
2	Where the Taxable Income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	2.5% of exceeding Rs. 600,000
3	Where the Taxable Income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	Rs. 15,000 plus 12.5% exceeding Rs. 1,200,000
4	Where the Taxable Income exceeds Rs. 2,400,000 but does not exceed Rs. 3,600,000	Rs. 165,000 plus 22.5% exceeding Rs. 2,400,000
5	Where the Taxable Income exceeds Rs. 3,600,000 but does not exceed Rs. 6,000,000	Rs. 435,000 plus 27.5% exceeding Rs. 3,600,000
6	Where the Taxable Income exceeds Rs. 6,000,000	Rs. 1,095,000 plus 35% exceeding Rs. 6,000,000
1	Director fee for Board Meeting	20% of gross amount
Note: Only those persons whose salary income exceeds seventy (75%) of his/her total taxable income shall be treated as salaried person		
AOP & Individual Other Than Salaried Individual - Section 18 & 1st schedule		
1	Where taxable Income does not exceed Rs. 600,000	0%
2	Where the Taxable Income exceeds Rs. 600,000 but does not exceed Rs. 800,000	7.5% of exceeding Rs. 600,000

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate
3	Where the Taxable Income exceeds Rs. 800,000 but does not exceed Rs. 1,200,000	Rs. 15,000 plus 15% exceeding Rs. 800,000
4	Where the Taxable Income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	Rs. 75,000 plus 20% exceeding Rs. 1,200,000
5	Where the Taxable Income exceeds Rs. 2,400,000 but does not exceed Rs. 3,000,000	Rs. 315,000 plus 25% exceeding Rs. 2,400,000
6	Where the Taxable Income exceeds Rs. 3,000,000 but does not exceed Rs. 4,000,000	Rs. 465,000 plus 30% exceeding Rs. 3,000,000
7	Where the Taxable Income exceeds Rs. 4,000,000	Rs. 765,000 plus 35% exceeding Rs. 4,000,000
Companies - Section 18, 100A, 1st schedule & 7th schedule		
Banking Companies		
	-Taxable income arising from additional advances to micro, small and medium enterprises	20%
	- Normal Rate	39%
a	Small Companies	20%
b	Public / Private Companies	29%
c	Alternate Corporate tax	17%
Deemed Income - Section 7E, 1st schedule		
	Tax on Deemed Income	20%
Super Tax on high earning persons - Section 4C & 1st schedule		
1	Where Income does not exceed Rs. 150 million	0% of the income
2	Where Income exceeds Rs. 150 million but	1 % of the income

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate
	does not exceed Rs. 200 million	
3	Where Income exceeds Rs. 200 million but does not exceed Rs. 250 million	2% of the income
4	Where Income exceeds Rs. 250 million but does not exceed Rs. 300 million	3% of the income
5	Where Income exceeds Rs. 300 million but does not exceed Rs. 350 million	4% of the income
6	Where Income exceeds Rs. 350 million but does not exceed Rs. 400 million	6% of the income
7	Where Income exceeds Rs. 400 million but does not exceed Rs. 500 million	8% of the income
8	Where Income exceeds Rs. 500 million	10% of the income
Small and Medium enterprises - Section 2(59A), 100E, 14th schedule		
Option of Normal tax regime		
1	Where annual business turnover does not exceed Rupees 100 million	7.5% of taxable income
2	Where annual turnover exceeds Rupees 100 million but does not exceed Rupees 250 million	15% of taxable income
Option of final tax regime		
1	Where annual business turnover does not exceed Rupees 100 million	0.25% of gross turnover
2	Where annual business turnover exceeds Rupees 100 million but does not exceed Rupees 250 million	0.50% of gross turnover

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
Return on investment in sukuks received from a special purpose vehicle Section 5AA, 150A		Person appearing in ATL	Person not appearing in ATL
a	Company	25%	50%
b	Individual & AOP where profit exceeds Rs. 1 million	12.5%	25%
c	Individual & AOP where profit is up to Rs. 1 million	10%	20%
Note: Same rates and conditions shall be applicable if the recipient of return is non-resident.			
Profit on debts - Section 7B, 151, 1st schedule & 2nd Schedule		Person appearing in ATL	Person not appearing in ATL
a	Where annual profit on debt is up to Rs. 5,000,000 *	15%	30%
b	Profit on debt from a debt instrument, whether conventional or Shariah compliant, issued by the Federal Government under the Public Debt Act, 1944	10%	20%
c	Profit on investment in Bahbood Savings Certificate or Pensioners Benefit Account and Shuhada Family Welfare Account	5%	10%

* Profit on debt exceeding Rs. 5,000,000/- shall be chargeable to tax under "Income from other sources" on normal tax rates.

* Rate of tax under section 151 shall be zero percent of the gross amount of profit on debt paid, covered under clauses (78) and (79) of Part I of the Second Schedule.

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate
Builders and Developers - Section 7C, 7D & 1st schedule		
Tax on Builders		
	- For Commercial buildings	
a	Karachi, Lahore & Islamabad	Rs. 210/Sq. Ft
b	Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta	Rs. 210/Sq. Ft
c	Urban Areas not specified in above	Rs. 210/Sq. Ft
	- For residential buildings	Square Foot
a	Karachi, Lahore & Islamabad	Rs. 20/Sq. Ft upto 750 Sq. Ft Rs. 40/Sq. Ft upto 751 to 1500 Sq. Ft Rs. 70/Sq. Ft on 1501 Sq. Ft. or more
b	Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta	Rs. 15/Sq. Ft upto 750 Sq. Ft. Rs. 35/Sq. Ft upto 751 to 1500 Sq. Ft Rs. 55/Sq. Ft on 1501 Sq. Ft. or more
c	Urban Areas not specified in above	Rs. 10/Sq. Ft upto 750 Sq. Ft Rs. 25/Sq. Ft upto 751 to 1500 Sq. Ft. Rs. 35/Sq. Ft on 1501 Sa. Ft. or more

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate
Tax on Developers		
	- For Commercial Plots	
a	Karachi, Lahore & Islamabad.	Rs. 210/Sq. yd
b	Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta.	Rs. 210/Sq. yd
c	Urban Areas not specified in above	Rs. 210/Sq. yd
	- For Residential Plots	Square Foot
a	Karachi, Lahore & Islamabad	Rs. 20/Sq. yd. upto 120 Sq. yd Rs. 40/Sq. yd. upto 121 to 200 Sq. yd. Rs. 70/Sq. yd. on 201 Sq. yd. or more
b	Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta	Rs. 15/Sq. yd. upto 120 Sq. yd. Rs. 35/Sq. yd. upto 121 to 200 Sq. yd Rs. 55/Sq. yd. on 201 Sq. yd. or more
c	Urban Areas not specified in above	Rs. 10/Sq. yd. upto 120 Sq. yd. Rs. 25/Sq. yd. upto 121 to 200 Sq. yd. Rs. 35/Sq. yd. on 201 Sq. yd. or more

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
Builders and Developers - Section 100D, 147 8& 11th schedule			
Tax on Builders			
	- For Commercial buildings		
a	Karachi, Lahore & Islamabad	Rs. 250/Sq. Ft	
b	Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta	Rs. 230/Sq. Ft	
c	Urban Areas not specified in above	Rs. 210/Sq. Ft	
	- For residential buildings	Upto 3000 Sq. ft	3000 Sq. ft or above
a	Karachi, Lahore & Islamabad	Rs. 80/Sq. Ft	Rs. 125/Sq. Ft
b	Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta	Rs. 65/Sq. Ft	Rs. 110/Sq. Ft
c	Urban Areas not specified in above	Rs. 50/Sq. Ft	Rs. 100/Sq. Ft
Tax on Developers			
	- For entire project		
a	Karachi, Lahore & Islamabad	Rs. 150/Sq. yd	
b	Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta	Rs. 130/Sq. yd	
c	Urban Areas not specified in above	Rs. 100/Sq. yd	
	- For development of industrial area		
a	Karachi, Lahore & Islamabad	Rs. 20/Sq. yd	

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
b	Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta	Rs. 20/Sq. yd	
c	Urban Areas not specified in above	Rs. 10/Sq. yd	
Note	- Section 147 (advance tax) shall apply on income derived by builders and developers as per above mentioned rates.		
	- In case of mixed-use buildings having both commercial and residential areas, respective rates mentioned above shall apply.		
	- In case of development of plots and constructing buildings on the same plots as one project, both rates shall apply.		
Dividend income - Section 5, 150, 1st schedule & 2nd schedule		Person appearing in ATL	Person not appearing in ATL
a	- Independent power producers, being a pass-through item under implementation/ power/energy purch. Agreement required to be re-imbursed by CPPA -G	7.5%	15%
	- Companies engaged in bagasse and biomass-based co-generation power project qualifying for exemption under clause (132C) of Part-I of 2nd Schedule	7.5%	15%
b	Mutual fund, Real Estate Investment Trust and cases other than mentioned in a, c& d	15%	30%
c	Dividend, if no tax is payable by the company due to exemption, tax credit & c/f losses	25%	50%
	Dividend received by a REIT scheme from Special Purpose vehicles	0%	0%
d	Dividend received by others from special	35%	70%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate
	purpose vehicle as defined under REIT Investment trust.	
e	<ul style="list-style-type: none"> - Intercompany dividend under group taxation u/s 59AA - Dividend received by company who is eligible for group relief u/s 59B - Dividend received from corporate agricultural enterprise out of its income from agriculture. - Dividend received from any venture capital fund from investments in zone enterprises as defined in the Special Technology Zones Authority Act, 2021 for ten years. 	Exempt
Minimum Tax - Section 113, 1st Schedule, 2nd Schedule		
a	<ul style="list-style-type: none"> - SSGCL, SNGPL (having annual turnover exceeds rupees one billion.). - Pakistan international airline corporation - PIA. - Poultry industry including poultry breeding, broiler production, egg production & poultry feed production 	0.75%
b	<ul style="list-style-type: none"> - Oil refineries - Motorcycle dealers registered under sales tax act, 1990 - Trader of Yarn being individual - Oil marketing companies 	0.50%
c	<ul style="list-style-type: none"> a. Distributors of pharmaceutical products, fast moving consumer goods and cigarettes b. Petroleum agents and distributors who are 	0.25%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate		
	registered under the Sales Tax Act, 1990 c. Rice mills and dealers d. Tier-I retailers of FMCGs who are integrated with Board for real time sales & receipts e. Person whose supplies through e-commerce including online marketplace f. Person engaged in the sale and purchase of used vehicle g. Flour Mills h. Distributors, Dealers, Sub-Dealers, Wholesalers and Retailers (only Tier-I who integrated with FBR) of fast-moving consumer goods, fertilizer, locally manufactured mobile phones, sugar, electronics excluding imported mobile phones, cement, Steel and edible oil subject that they are active in income tax and sales tax			
d	In all other cases	1.25%		
Capital Gain on sale of Immovable Property - Section 37 , 1st schedule				
		Open Plot	Constructed Property	Flat
1	Where the holding period does not exceed one year	15%	15%	15%
2	Where the holding period exceeds one year but does not exceed two years	12.5 %	10%	7.5%
3	Where the holding period exceeds two years but does not exceed three years	10%	7.5%	0%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate		
4	Where the holding period exceeds three years but does not exceed four years	7.5%	5%	0%
5	Where the holding period exceeds four years but does not exceed five years	5%	0%	---
6	Where the holding period exceeds five years but does not exceed six years	2.5%	----	---
7	Where the holding period exceeds six years		0.0%	

Capital Gain on sale of securities - Section 37A, 1st schedule

	- Where Securities acquired on or after July 01, 2022	
1	Where the holding period does not exceed one year	15%
2	Where the holding period exceeds one year but does not exceed two years	12.5%
3	Where the holding period exceeds two years but does not exceed three years	10%
4	Where the holding period exceeds three years but does not exceed four years	7.5%
5	Where the holding period exceeds four years but does not exceed five years	5.0%
6	Where the holding period exceeds five years but does not exceed six years	2.5%
7	Where the holding period exceeds six years	0.0%
8	Future Commodity Contracts entered into by member of Pakistan Mercantile Exchange	5.0%
	- Where Securities acquired between July 01, 2013 to June 30, 2022	12.5%
	- Where Securities acquired before July	0.0%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
	01, 2013		
9	Mutual fund or a collective investment scheme or a REIT scheme on redemption of securities shall deduct capital gain tax as under;		
i	Individual and Association of Person - AOP	10% for stock fund	10% for other fund
ii	Company	10% for stock fund	25% for other fund
Note	For point No. “9” in case of stock fund, if dividend receipt is less than capital gain, the rate will be 12.5% and if holding period is more than 6 years than no tax on capital gain will be deducted.		
Import - Section 148, 1st Schedule		Person appearing in ATL	Person not appearing in ATL
a	- Person importing goods classified in Part-I of the twelfth schedule (Material & Machinery)	1%	2%
b	-Person importing goods classified in Part-II of the twelfth schedule (Parts & Components)	2%	4%
c	- Person importing goods classified in Part-III of the twelfth schedule (Any other items)	5.5%	11%
d	- Manufacturers covered under Notification No. S.R.O. 1125(1)/2011 dated the 31st December, 2011 [SRO 1125 rescinded]	1%	2%
e	- Person importing finished pharmaceutical products that not manufactured in Pakistan	4%	8%
f	- Importers of CKD kits of electric vehicles for small cars	1%	2%
	-SUVs with 50 kwh battery or below and LCVs with 150 kwh battery or below	1%	2%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
Note	- For Point "b", 3.5% of the import value as increased by customs duty, sales tax and federal excise duty in case of commercial importer (7% - non-filer)		
	- For Point "c", 6% of the import value as increased by customs duty, sales tax and federal excise duty in case of commercial importer (12% - non-filer)		
C&F Value of Mobile Phone		CBU PCT Heading 8517.1219	CKD / SKD PCT Heading 8517.1211
a	Where value is Up to USD 30 except smart phones	Rs.70	Rs.0
b	Where value is exceed USD 30 but not exceed USD 100 except smart phones	Rs. 100	Rs.0
c	Where value does not exceed USD 100 for smart phones	Rs.100	Rs.0
d	Where value is exceed USD 100 but not exceed USD 200	Rs. 930	Rs.0
e	Where value is exceed USD 200 but not exceed USD 350	Rs. 970	Rs.0
f	Where value is exceed USD 350 but not exceed USD 500	Rs. 5,000*	Rs. 3000*
g	Where value is exceeded USD 500	Rs.11,500*	Rs. 5,200*
*Rate of tax for point f & g increased by 100% for persons not appearing in active taxpayer list – ATL			

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
Payment to non-resident - Section 6, 7, 152, 1st Schedule		Person appearing in ATL	Person not appearing in ATL
a	Royalty, fee for technical services to non-resident	15%	15%
	- Payment to non-resident of fee for offshore digital services by banking companies		
b	Payment of any fee to global money transfer operators, international money transfer card network company or payment gateway company etc.	10%	10%
c	Payment to non-resident for Construction, Services and Advertisement contracts	7%	7%
d	Payment to non-resident for advertisement services to media person	10%	10%
e	Payment of insurance Premium or re-insurance Premium	5%	5%
f	Foreign produced commercial for advertisement on any television channel or media,	20%	20%
g	Payment of capital gain arising on disposal of debt instrument under SCRA	10%	10%
h	Payment of capital gain arising on disposal of debt instrument and government securities and certificates by non-resident Foreign Currency Value Account (FCVA) or a non-resident Pakistani Rupee Value Account (NRVA) of a non-resident individual holding Pakistan Origin card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC).	10%	10%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
i	All other Payment to non- resident	20%	20%
	Payment to permanent establishment of non-resident person		
	Supply of Goods		
j	Companies	5%	10%
k	Other taxpayers	5.5%	11%
l	Rendering of services		
	Transport Services, Freight Forwarding Services, Air Cargo Services, Courier Services, Manpower Outsourcing Services, Hotel Services, Security Guard Services, Software Development Services, IT & IT enabled Services as defined in section 2, Tracking Services, Advertising services (Other than electronic and Print Media), Share Registrar Services, Engineering Services, car Rental Services, Building Maintenance Services, Pakistan Stock Exchange Services, Pakistan Mercantile Exchange Limited Services, Certification Services and Testing and Training Services, oilfield services.	4%	8%
	All other services		
m	Companies	9%	18%
n	Other taxpayers	11%	22%
	Execution of contracts		
o	Companies	8%	16%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
p	Other taxpayers	8%	16%
q	Sportspersons	10%	20%
r	Shipping income (on Gross Amount).	8%	16%
s	Air transport income (on Gross Amount).	3%	6%
Note	<p>- Rate of tax under section 152 shall not apply, if on the application of the withholding agent, the commissioner has reason to believe that the recipients of the payment are not required to file return of income.</p> <p>- Further if tax treaty provide different rates for some specified services/supplies, then tax treaty shall prevail.</p> <p>- Rate of tax under sub-section (2) of section 152, in respect of payments from profit on debt to a non-resident person having no permanent establishment in Pakistan is 10%</p> <p>- Rate of tax under sub-section (2) of section 152 shall be zero percent of the gross amount of profit on debt paid, covered under clauses (78) and (79) of Part-I of the Second Schedule.</p> <p>- The provisions of sub-section {2A} of section 152 shall not apply to Permanent Establishment of Non-resident Petroleum Exploration and Production (E&P) Companies for supply of its petroleum products.</p> <p>- The provisions of section 152 shall not apply in case of a Hajj Group Operator in respect of Hajj operations.</p>		
	Payment to resident person - Section 153, 1st schedule, 2nd Schedule	Person appearing in ATL	Person not appearing in ATL
a	Sale of rice, cotton seed, or edible oil	1.5%	3%
b	Payment to distributor of cigarettes, pharma products & payment for sale of gold and silver and articles thereof	1%	2%
c	Payment for sale of gold and silver and	1%	2%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
	articles thereof		
d	Distributor, Dealer, Sub-Dealer, Wholesaler, Retailer (Tier-I retailer who are integrated and configured with board), of FMCG, Fertilizer, electronics excluding mobile phones, sugar, Cement, Steel and Edible Oil.	0.25% (subject tax payer is active in IT & ST)	10% for companies
		5% for companies	11% for taxpayer other than companies
		5.5% for other if active in IT only	
Other Goods including toll manufacturing			
e	Companies	5%	10%
f	Other taxpayers	5.5%	11%
g	Local sales, supplies, and services made to textile, carpets, leather, surgical goods & sports goods.	Trader of yarn 0.5%	Trader of Yarn 0.1%
		Others 1%	Others 2%
Rendering of Services			
h	Transport Services, Freight Forwarding Services, Air Cargo Services, Courier Services, Manpower Outsourcing Services, Hotel Services, Security Guard Services, Software Development Services, IT & IT enabled Services as defined under section 2, Tracking Services, Advertising Services	4%	8%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
	(Otherthan electronic and Print Media), Share Registrar Services, Engineering Services including architectural services, warehousing services, services rendered by asset management companies, data services provided under license issued by the Pakistan Telecommunication Authority, telecommunication infrastructure (tower) services, car Rental Services, Building Maintenance Services, Pakistan Stock Exchange Services, Pakistan Mercantile Exchange Limited Services, Certification Services, Testing and Training Services, Oilfield Services, Telecommunication Services, Warehousing Services, Collateral Management Services, Travel and Tour Services, REIT management services, services rendered by National Clearing Company of Pakistan Limited.		
Note	Tax rate mentioned in point no “h” shall be applicable only to those services provide whose services are subject to withholding tax on gross receipt and not agitated taxation of gross receipt before any court of law.		
	Services other than mentioned above		
i	Companies	9%	18%
j	Other Taxpayers	11%	22%
k	Electronic and print media services	1.5%	3%
l	Payment to oil tanker contractor services (Gross amount)	2%	4%
m	Stitching, dying, printing, embroidery,	1%	2%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
	washing, sizing & weaving for exporters		
	Execution of contracts		
n	Companies	7.5%	15%
o	Other Taxpayers	8%	16%
p	Sportsperson	10%	20%
Export Proceeds - Section 154, 1st Schedule		Person appearing in ATL	Person not appearing in ATL
a	Export proceeds realization	1%	1%
b	Realization of a sale of goods to an exporter under an inland back -to-back L/C, Export of goods by an Industrial undertaking located in EPZ, making payment for a firm contract to an indirect export and clearing of goods exported.	1%	1%
Export of Services - Section 154A, 1st Schedule		Person appearing in ATL	Person not appearing in ATL
a	-Export proceeds of Computer software or IT services or IT Enabled services by persons registered with Pakistan Software Export Board.	0.25%	0.25%
	-All other cases	1%	1%
Property Income/ Payment of immovable property - Section 15, 155 & 1st schedule			
a	Where Property Income does not exceed Rs. 300,000	Nil	

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
b	Where property income exceeds Rs. 300,000 but does not exceed Rs 600,000	5% of gross amount exceeding Rs.300,000	
c	Where property income exceeds Rs. 600,000 but does not exceed Rs 2,000,000	Rs. 15,000 plus 10% of exceeding Rs. 600,000	
d	Where property income exceeds Rs. 2,000,000	Rs. 155,000 plus 25% of exceeding Rs. 2,000,000	
e	Company	15% for Co. appearing in ATL	
Prize Bond, Commission on Petroleum Products – Section 156 and 156A		Person appearing in ATL	Person not appearing in ATL
a	Prize bonds or cross-word puzzle	15%	30%
b	Winning from a raffle, lottery, quiz, prize offered by companies for sale promotion	20%	40%
c	Sale of petroleum products to petrol pump operators	12%	24%
Advance Tax on Cash Withdrawal – Section 231AB		Person appearing in ATL	Person not appearing in ATL
-	Cash withdrawal more than Rs. 50,000 per day	0%	0.6%
Advance Tax on Foreign Domestic Workers - Section 231C		Person appearing in ATL	Person not appearing in ATL
-	From agency, sponsor or person employing the services of such foreign national	Rs. 200,000	Rs. 400,000

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
Purchase/Transfer of motor vehicles - Section 231B		Person appearing in ATL	Person not appearing in ATL
	Upto 850 cc	Rs. 10,000	Rs. 30,000
-	851cc -- 1000 cc	Rs. 20,000	Rs. 60,000
-	1001 cc -- 1300 cc	Rs. 25,000	Rs. 75,000
-	1301 cc -- 1600 cc	Rs. 50,000	Rs. 150,000
-	1601 cc -- 1800 cc	Rs. 150,000	Rs. 450,000
-	1801 cc -- 2000 cc	Rs. 200,000	Rs. 600,000
-	2001 cc -- 2500 cc	6% of the value	18% of the value
-	2501 cc -- 3000 cc	8% of the value	24% of the Value
-	Above 3000 cc	10% of the value	30 % of the value
- where engine capacity is not applicable and the value of vehicle is five million or more			
	-Imported Vehicles	3% of the import value	9% of the import value
	-Locally Manufactured Vehicles	3% of the import value	9% of the import value
Transfer of motor vehicle			
-	Upto 850 cc	Rs.0	Rs.0
-	851cc -- 1000 cc	Rs.5,000	Rs.15,000
-	1001 cc -- 1300 cc	Rs.7,500	Rs.22,500

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
-	1301 cc -- 1600 cc	Rs. 12,500	Rs. 37,500
-	1601 cc -- 1800 cc	Rs.18,750	Rs. 56,250
-	1801 cc -- 2000 cc	Rs. 25,000	Rs. 75,000
-	2001 cc -- 2500 cc	Rs. 37,500	Rs. 112,500
-	2501 cc -- 3000 cc	Rs. 50,000	Rs. 150,000
-	Above 3000 cc	Rs. 62,500	Rs. 187,500
-	Where engine capacity is not applicable and the value of vehicle is Rupees five million or more	Rs.20,000	Rs. 60,000
-	Advance tax collected by leasing companies, banks, DFI's, Modaraba	0%	4%
Note		Following rate of tax shall be applicable on sale of locally manufactured motor vehicle prior to registration by the person who originally purchased it from the local manufacturer.	
-	Upto 1000 cc	Rs. 100,000	Rs. 300,000
-	1001cc -- 2000 cc	Rs. 200,000	Rs.600,000
-	2001 cc -- above	Rs. 400,000	Rs. 1,200,000
Brokerage & Commission - Section 233		Person appearing in ATL	Person not appearing in ATL
-	Advertising Agents	10%	20%
-	Life Insurance agents where commission received is less than Rs. 0.5 million per	8%	16%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
	Anum		
-	Others	12%	24%
Collection of Tax on motor vehicle - Section 234		Person appearing in ATL	Person not appearing in ATL
Motor vehicles			
-	Goods transport vehicles with registered laden weight	Rs. 2. 5 per kg of laden	Rs. 5 per kg of laden
-	Vehicle with laden weight of 8120 Kgs or more, tax after ten (10) years from first registration in Pakistan	Rs. 1,200 p.a	Rs. 2,400 p.a
Passenger transport vehicles plying for hire with registered seating capacity of		Per Seat Per Annum	
		Non-Air Conditioned	Air Conditioned
a	4 to 9 persons	Rs. 200	Rs. 375
b	10 to 19 persons	Rs. 500	Rs. 750
c	20 and above	Rs. 1000	Rs. 1500
Note	Above tax for goods and passenger transport vehicles shall be increased by 100% if the person is not in active taxpayer list.		
Motor Vehicle with the engine capacity of:		Per annum	
a	Upto 1000 cc	Rs. 800	Rs. 1600
b	1000cc to 1199 cc	Rs. 1,500	Rs. 3000
c	1200cc to 1299 cc	Rs. 1,750	Rs. 3500
d	1300cc to 1499 cc	Rs. 2,500	Rs. 5000

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
e	1300cc to 1599 cc	Rs. 3,750	Rs. 7500
f	1600cc to 1999 cc	Rs. 4,500	Rs. 9000
g	2000 cc and above	Rs. 10,000	Rs. 20,000
Where Motor Vehicle Tax is collected In lump sum		Per annum	
a	Upto 1000 cc	Rs. 10,000	Rs. 20,000
b	1000cc to 1199 cc	Rs. 18,000	Rs. 36,000
c	1200cc to 1299 cc	Rs. 20,000	Rs. 40,000
d	1300cc to 1499 cc	Rs. 30,000	Rs. 60,000
e	1500cc to 1599 cc	Rs. 45,000	Rs. 90,000
f	1600cc to 1999 cc	Rs. 60,000	Rs. 120,000
g	2000 cc and above	Rs. 120,000	Rs. 240,000
Electricity Consumption - Section 235 & 1st schedule		Person appearing in ATL	Person not appearing in ATL
Commercial and Industrial Consumer			
	Where the bill does not exceed Rs. 500	0% of the amount	
	Where the bill exceeds Rs. 500 but does not exceed Rs. 20,000	10% of the amount	
	Where the bill exceeds Rs. 20,000	for commercial Rs. 1,950 + 12% exceeding Rs. 20,000 for industrial Rs. 1,950 + 5% exceeding Rs. 20,000	
Domestic Consumer			
	Where the bill does not exceed Rs.	0%	0%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
	25,000		
	Where the bill exceeds Rs. 25,000	0%	7.5%
Advance Withholding Tax - Section 236 & 1st schedule		Person appearing in ATL	Person not appearing in ATL
236	Telephone where the monthly bill exceed Rs. 1,000	10 % of the exceeding amount of bill	
236 A	A Sale by public auction of;		
	-Any property or goods	10%	20%
	-Immovable Property	5%	10%
236 C	Advance tax on transfer or sales of immovable property	3%	6%
236 CA	Advance Tax on TV Plays and Advertisements		
a	Foreign-produced TV drama serial or play	Rs.1,000,000 per episode	Rs.2,000,000 per episode
b	Foreign-produced TV play (single episode)	Rs. 3,000,000	Rs. 6,000,000
c	Advertisement starring foreign actor	Rs. 100,000 per second	Rs. 200,000 per second
236 G	Advance tax deducted by manufacturer or commercial importer of following sectors at the time of sale to distributors, dealers and wholesaler.		
a	Fertilizers	0.25% subject taxpayer is active in IT and ST 0.7% if Active in IT	1.4%

Income Tax Rates 2024 – Tax Year 2024

S.No	Nature of Transaction/Payment	Tax Rate	
		Only	
b	Electronics, Sugar, Cement, Iron and steel products, motorcycle, pesticides, cigarettes, glass, textiles beverages paint or farm sector pharmaceutical poultry and animal feed, edible oil and ghee, auto parts, tires, varnishes, chemicals cosmetics and IT Equipment.	0.1%	0.2%
236 H	Advance Tax deducted by manufacturers, Distributor, Dealer, Wholesalers or commercial importer of following sectors at the time of sale to retailer, and every distributor or dealer to another wholesaler pharmaceuticals, poultry and animal feed edible oil and ghee, auto parts. Tires, varnishes, chemicals. Cosmetics, IT equipment's, electronic, sugar, sugar, cement, iron and steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sectors	0.5%	1%
236 K	Advance Tax on purchase of immovable property	3%	10.5%
236 Y	Advance tax on amount remitted abroad through credit, debit or prepaid cards	5%	10%
236 Z	Advance Tax on bonus shares issued by companies to the shareholders	10% of bonus shares	20% of bonus shares

INCOME TAX ORDINANCE

SECOND SCHEDULE

Part I – EXEMPTIONS FROM TOTAL INCOME

- Finance Act has exempted all income of following organizations:
 - The Prime Minister's Relief Fund for Flood, Earthquake and Other Calamities
 - Film and Drama Finance Fund
 - Export-Import Bank of Pakistan
 - Shaheed Mohtarma Benazir Bhutto Institute of Trauma, Karachi
 - Shaheed Zulfikar Ali Bhutto Institute of Science and Technology
 - Shaheed Zulfikar Ali Bhutto Foundation (SZABF)
 - Federal & Provincial Bar Councils
- Finance Act has extended the exemption from tax as well as tax with holding to residents domiciled in the Tribal Area forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan till 30th June 2024.
- The benefit of exemption in clause 150 has been extended to Alteraz Engineering Consultant (Rego Dek project) from tax year 2017.

PART IV EXEMPTION FROM SPECIFIC PROVISIONS

Exemption from specific provisions have been provided for Prime Minister Relief Funds for flood, Earthquake and other calamities or already concluded activities.

SEVENTH SCHEDULE

Finance Act exempts banking sector from provisions of subrule 6A of Rule 6C regarding the tax rates in accordance with the gross advances to deposit ratio as on last day of the tax year for tax year 2024.

Profit on debt and capital gains from Federal Government's sovereign debt or a sovereign debt instrument has been exempted from tax chargeable under ITO 2001, derived by any non-resident banking company approved by the Federal Government under a sovereign agreement under sub rule 4 of Rule 8.

EIGHTH SCHEDULE

In addition to capital gains tax, NCCPL has been also made responsible for the computation and collection of tax under section 4C at the applicable rates on the amount of capital gains computed under this Schedule.

THIRTEENTH SCHEDULE

Tax credit for donations to The Prime Minister's Relief Fund for Flood, Earthquake and Other Calamities and Film and Drama Finance Fund has been granted under the provisions of Section 61 of the Income Tax Ordinance, 2001.

SALES TAX ACT, 1990

SECTION 2-DEFINITIONS

- Production, transmission and distribution of electricity has been deleted from definition of goods (12) and supply (33).
- Shop area requirements for TIER-1 retailers and jewelers has been withdrawn.

SECTION 3

Rate of further tax has been increased to four percent from existing three percent

SECTION 30CA

Name of the Directorate General of Digital Invoicing and Analysis is changed to Directorate General of Digital Initiatives

SECTION 33

Curative amendment introduced in clause 23 of section 33 with respect to specified goods as against cigarette packs.

SECTION 47A

Same contents as available at page 5 under the heading **ALTERNATIVE DISPUTE RESOLUTION (ADR)**.

FIFTH SCHEDULE

- Zero rating introduced for imports or supplies made by, for or to a qualified investments under the Foreign Investment (Promotion and Protection) Act, 2022.
- Earlier preparation suitable for infants were exempt where value does not exceed rupees five hundred per two hundred grams. Now this financial limit has been raised to rupees six hundred per two hundred grams.
- Zero rating regime also introduced for other drawing, marking out or

mathematical calculating instruments besides existing geometry boxes.

- Zero rating introduced for commodities supplied to registered exporters under Export Facilitation Scheme, 2021.

SIXTH SCHEDULE

- Exemption withdrawn for the red chilies, ginger and turmeric sold under brand names and trademarks. Earlier such exclusion from exemption was available for items sold in retail packings only.
- Exemption withdrawn for yogurt, butter, desi ghee, cheese including processed, products of meat or meat offal, meat of bovine animals, fish and crustaceans sold under a brand name.
- Exemption on DAP fertilizer withdrawn. Now sales tax will be applicable at 5%.
- Exemption extended for newly merged districts to June 2024 which was going to expire on June 2023.
- Entries related to exemption for auto disable syringes and its raw materials are deleted being already expired on December 31, 2021.

EIGHTH SCHEDULE

- Reduced rate of 12% is enhanced to 15% for the retailers' making supplies of textile and leather products through POS.
- DAP fertilizer to be taxed at 5%.

THE FEDERAL EXCISE ACT, 2005

SECTION 3

Any item specified in the First Schedule can be subject to duty even if it is not specifically mentioned in charging section. For this purpose, residuary clause has been introduced in the charging section.

SECTION 29

The Directorate General of Digital Initiatives is to be established under the law.

SECTION 38

Same contents as available at page 5 under the heading **ALTERNATIVE DISPUTE RESOLUTION (ADR)**.

SECTION 40

New provision is introduced whereby all rules made under the law shall be collected, arranged and published alongwith general orders and departmental instructions and rulings and sold to general public or placed regularly in the official website.

FIRST SCHEDULE

- Excise duty for tobacco mixture in an electrically heated tobacco product enhanced to Rupees sixteen thousand five hundred per kg from Rupees five thousand two hundred per kg.
- Excise duty on Sugary Fruit juices, syrups and squashes, waters whether or not containing added sugar or artificial sweeteners excluding mineral and aerated waters increased from ten to twenty percent of retail price.

- Excise duty for energy inefficient fans both locally manufactured and imported which do not comply with the MEPS, notified by PSQCA is to be Rs. 2,000 per fan with effect from January 01, 2024.
- Excise duty for Incandescent bulbs both locally manufactured and imported is to be 20% ad valorem with effect from January 01, 2024.
- Excise duty on Fertilizers to be levied at five percent ad valorem.
- In addition to the Franchise Services, Royalty and Fee for Technical Services are also added for the excise duty charge of 10%.

THIRD SCHEDULE

Exemption introduced for the excisable goods (local and import) and services by, for or to a qualified investments under the Foreign Investment (Promotion and Protection) Act, 2022.

ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES) ORDINANCE, 2001

SECTION 3

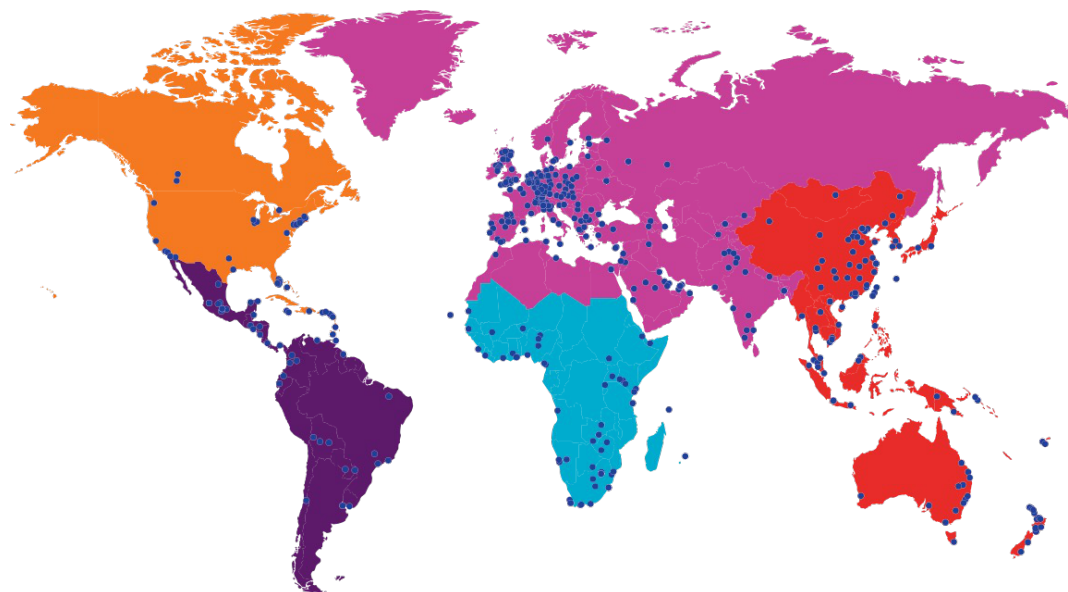
Zero rating introduced for services supplied to registered exporters under Export Facilitation Scheme, 2021.

THE SCEDHULE TABLE 1

- Services provided or rendered by hotels, motels, guest houses, farmhouses, restaurants, marriage halls, lawns, clubs and caterers were being taxed at 15%. Through this Finance Act, restaurants, cafes, food parlors, coffee houses/shops, deras, food huts, eateries, resorts and similar cooked, prepared or ready-to-eat food service outlets etc. are to be taxed at 5% where payment is received through banking/digital means and 15% where payment is received in cash.
- IT services and IT enabled services are to be taxed at 15% against prevalent rate of 16%.
- Electric Power Transmission Services are included for the levy of tax at the rate of 15%

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