TAX CARD

Withholding & Income Tax Rates — Tax Year 2023

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

Prepared by Umair A R Mughal, FBR-Registered Income Tax Practitioner (ITP)

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Foreword

TaxAccountant.pk is a tax and business compliance consultancy serving clients across 13 cities in Pakistan. We provide FBR registration, tax filing, corporate compliance, and advisory services to individuals, salaried persons, and businesses of all sizes.

This Tax Card has been prepared to give our clients and the wider business community a ready, easy-to-understand reference to the income tax and withholding tax rates applicable in Pakistan for Tax Year 2023 (1 July 2022 to 30 June 2023), incorporating all changes introduced by the Finance Act, 2022, and the Finance (Supplementary) Act, 2023.

While preparing this card, care has been taken to keep the presentation simple and accessible for laymen, while remaining accurate to the underlying provisions of the Income Tax Ordinance, 2001. Every effort has been made to cross-verify the rates presented here directly against the text of the Finance Act, 2022.

We hope this card serves as a useful, ready reference for our clients' tax planning and compliance needs throughout the year.

Umair A R Mughal
FBR-Registered Income Tax Practitioner (ITP)
TaxAccountant.pk — Tax & Business Compliance Consultancy

Office 1, 1st Floor, United Plaza, Main Service Road, Khanna Pull, Rawalpindi
+92 (339) 505-0983

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1. Tax Rates for Salaried Individuals [P]

SEC 149, DIVISION I, PART I, FIRST SCHEDULE

Taxable Income (Rs.)	Rate of Tax
Up to 600,000	**0%**
600,001 – 1,200,000	**2.5% of amount exceeding Rs.600,000**
1,200,001 – 2,400,000	**Rs.15,000 + 12.5% of amount exceeding Rs.1,200,000**
2,400,001 – 3,600,000	**Rs.165,000 + 22.5% of amount exceeding Rs.2,400,000**
3,600,001 – 6,000,000	**Rs.435,000 + 27.5% of amount exceeding Rs.3,600,000**
Above 6,000,000	**Rs.1,095,000 + 35% of amount exceeding Rs.6,000,000**

***Revised for TY2023** — new brackets substituted by Finance Act, 2022 (Division I, Part I, First Schedule), effective 1 July 2022. Verified directly against Finance Act, 2022 text.*

2. Tax Rates for AOPs & Non-Salaried Individuals [P]

SEC 149, DIVISION I, PART I, FIRST SCHEDULE

Taxable Income (Rs.)	Rate of Tax
Up to 600,000	**0%**
600,001 – 800,000	**5% of amount exceeding Rs.600,000**
800,001 – 1,200,000	**Rs.10,000 + 12.5% of amount exceeding Rs.800,000**
1,200,001 – 2,400,000	**Rs.60,000 + 17.5% of amount exceeding Rs.1,200,000**
2,400,001 – 3,000,000	**Rs.270,000 + 22.5% of amount exceeding Rs.2,400,000**
3,000,001 – 4,000,000	**Rs.405,000 + 27.5% of amount exceeding Rs.3,000,000**
4,000,001 – 6,000,000	**Rs.680,000 + 32.5% of amount exceeding Rs.4,000,000**
Above 6,000,000	**Rs.1,330,000 + 35% of amount exceeding Rs.6,000,000**

***Revised for TY2023** — new brackets substituted by Finance Act, 2022, effective 1 July 2022. Verified directly against Finance Act, 2022 text.*

3. Tax Rates for Companies [P]

DIVISION II, PART I, FIRST SCHEDULE

Category	TY2021	TY2022*	TY2023
Banking company	**35%**	**35%**	**39%**
Public / private company (other)	**29%**	**29%**	**29%**
Small company (turnover ≤Rs.250 million)	**22%**	**21%***	**20%**

Division II fully substituted by Finance Act, 2022: banking company rate raised to 39%, small company rate simplified to a flat 20% (no more turnover-tiered phase-down), other company unchanged at 29%. Verified directly against Finance Act, 2022 text.
**TY2022 small-company figure (21%) remains an inferred/secondary-sourced carryover, as noted for the TY2022 card.*

4. Super Tax [P]

Sec 4B, Division IIA, Part I, First Schedule

Person	TY2018	TY2019	TY2020	TY2021
Banking company	0%	4%	3%	2%
Other persons, income ≥Rs.500M	3%	2%	1%	0%

Schedule set by FA 2018, unaffected by FA 2019 or FA 2020. Its explicit tabular rates only extend through TY2021; no primary text found continuing it further, and this table appears to have been superseded by the new Section 4C super tax (below) from TY2022 onward.

5. Imports — Advance Tax [I]

Sec 148

Category	Filer	Non-Filer
Steel/fertilizer/cotton/gold/LNG, manufacturers (PCT 72.04)	1%	2%
Pulses	2%	4%
Commercial importers	3%	6%
Persons importing coal	4%	8%
Ship breakers	4.5%	9%
Industrial undertaking (other)	5.5%	11%
Other cases	6%	12%

6. Import of Mobile Phones [I]

Sec 148, Part II, First Schedule

C&F Value (USD)	CBU (Rs.)	CKD/SKD (Rs.)
Up to 30, except smartphone	70	Nil
31 – 100	100	Nil
101 – 200	930	Nil
201 – 350	970	Nil
351 – 500	5,000	3,000
Above 500	11,500	5,200

Advance tax increased by 100% for non-filers.

7. Dividend [I]

Sec 150, Division III, Part III, First Schedule

Category	Rate
Paid by IPPs, pass-through item reimbursed by CPPA-G	**7.5%**
Mutual funds and all other cases	**15%**
From a company where no tax is payable due to exemption, loss carry-forward, or tax credits	**25%**
From a Special Purpose Vehicle (SPV) — received by a REIT scheme	**0%**
From a Special Purpose Vehicle (SPV) — received by others	**35%**

Core rates verified against Finance Act, 2019 text. The SPV dividend clause was added by the Finance (Supplementary) Act, 2022 (January 2022), effective immediately — verified directly against that Act's text.

8. Profit on Debt [P]

Sec 151 & Sec 7B

Amount	Rate
Yield/profit paid ≤Rs.500,000	**10%**
Yield/profit paid >Rs.500,000	**15%**

Sec 7B Block Income (Individuals/AOPs)	Rate
Profit on debt ≤Rs.5 million	**15%**
Above Rs.5 million	**Normal Tax Regime**

*Base rate under Division IA raised from 10% to 15% by FA 2019, with a proviso reducing it to 10% where amount ≤Rs.500,000. **Sec 7B ceiling cut from Rs.36 million to Rs.5 million by Finance Act, 2021**, effective TY2023 — profit above Rs.5M (previously Rs. 36M) now falls under Normal Tax Regime. Verified directly against Finance Act, 2021 text.*

9. Payments to PE of Non-Residents [I]

Sec 152(2A)

Category	Company	Other
Supply/sale of goods	**4%**	**4.5%**
Services rendered	**8% / 16%**	**10% / 20%**
Execution of contracts	**7% / 14%**	**7% / 14%**

10. Royalty to Resident Person [P]

Sec 153B

Section 153B was omitted by Finance Act, 2021, effective Tax Year 2022 — royalty payments to residents are now taxed under the general Sec 153 services framework instead of this standalone provision.

11. Payments to Non-Residents [I]

Sec 152

Category	Rate
Royalty / fee for technical services	**15%**
Fee for offshore digital services	**5%**
Construction/assembly/installation contracts, advertisement	**7% (filer)**
Insurance / re-insurance premium	**5% / 10%**
Advertisement services relaying from outside Pakistan	**10%**
Sportsperson	**10%**
Any other payment	**20%**

Section 152A (foreign-produced commercials) was omitted by Finance Act, 2021, effective Tax Year 2022 — no longer a standalone provision.

12. Goods, Services & Contracts [I]

Sec 153

Category	Filer	Non-Filer
Sale of goods — company	**4%**	**8%**
Sale of goods — other taxpayers	**4.5%**	**9%**
Cotton seed / rice / edible oil	**1.5%**	**3%**
Pharma/cigarette/large import house distributors	**1%**	**2%**
Sugar/cement/edible oil dealers	**0.25%**	**0.5%**
FMCG distributors — company	**2%**	**4%**
FMCG distributors — other person	**2.5%**	**5%**
Services (transport, IT, hotel, etc.)	**3%**	**6%**
Other services — company	**8%**	**16%**
Other services — other taxpayers	**10%**	**20%**
Advertising — electronic/print media	**1.5%**	**3%**
Contracts — company	**7%**	**14%**
Contracts — other taxpayers	**7.5%**	**15%**
Contracts — sportspersons	**10%**	**20%**

13. Exports [I]

Sec 154

Category	Rate
Indenting commission	**5%**
Sale to exporter via back-to-back LC / SPO	**1%**

14. Rent of Immovable Property [P]

Sec 155, Division V, Part III, First Schedule

Gross Rent (Rs.)	Rate
Up to 200,000	**0%**
200,001 – 600,000	**5%**
600,001 – 1,000,000	**Rs.20,000 + 10%**
1,000,001 – 2,000,000	**Rs.60,000 + 15%**
2,000,001 – 4,000,000	**Rs.210,000 + 20%**
4,000,001 – 6,000,000	**Rs.610,000 + 25%**
6,000,001 – 8,000,000	**Rs.1,110,000 + 30%**
Above 8,000,000	**Rs.1,710,000 + 35%**

Companies: flat 15% of gross rent. Verified directly against Finance Act, 2019 text.

15. Prizes & Winnings [I]

Sec 156

Category	Filer	Non-Filer
Prize bond / crossword puzzle	**15%**	**30%**
Raffle / lottery / quiz / sales promotion	**20%**	**20%**

16. Petroleum Commission & CNG Stations [I]

Sec 156A, 234A

Category	Filer	Non-Filer
Petrol pump operator commission	**12%**	**24%**
CNG station gas bill	**4%**	**8%**

17. TV Plays & Advertisements [P]

Sec 236CA

Description	Rate
Foreign-produced TV drama serial or play, per episode	**Rs.1,000,000**
Foreign-produced TV play (single episode)	**Rs.3,000,000**
Advertisement starring a foreign actor, per second	**Rs.100,000**

*Section was reintroduced for TY2022 by the Finance (Supplementary) Act, 2022 (January 2022) at Rs.500,000/second for foreign-actor ads. Finance Act, 2022 (Division XA, Part IV, First Schedule) reduced the per-second rate to **Rs.100,000**, effective TY2023 — the drama/play rates are unchanged. Minimum tax on income from such drama serial, play, or advertisement. Verified directly against Finance Act, 2022 text.*

18. Pension Fund Withdrawal [P]

Sec 156B

Section 156B was omitted by Finance Act, 2020, effective Tax Year 2021 — this provision no longer applies.

19. Brokerage & Commission [I]

Sec 233

Category	Filer	Non-Filer
Advertising agents	**10%**	**20%**
Life insurance agents (<Rs.0.5M p.a.)	**8%**	**16%**
Others	**12%**	**24%**

Stock exchange (233A): 0.02% of purchase/sale value. NCCPL from members (233AA): 10% on carryover/margin financing.

20. Motor Vehicles — Goods & Passenger Transport [I]

Sec 234

Category	Filer	Non-Filer
Goods transport (per kg laden weight)	**Rs.2.5**	**Rs.5.0**
Passenger (4–9 seats), per seat	**Rs.50**	**Rs.100**
Passenger (10–19 seats), per seat	**Rs.100**	**Rs.200**
Passenger (20+ seats), per seat	**Rs.300**	**Rs.600**

21. Private Motor Vehicles — Adjustable Tax [I]

Sec 234

Engine Capacity	Filer (Rs.)	Non-Filer (Rs.)
Up to 1000cc	**800**	**1,600**
1001–1199cc	**1,500**	**3,000**
1200–1299cc	**1,750**	**3,500**
1300–1499cc	**2,500**	**5,000**
1500–1599cc	**3,750**	**7,500**
1600–1999cc	**4,500**	**9,000**
2000cc & above	**10,000**	**20,000**

22. Motor Vehicles — Purchase / Registration [I]

Sec 231B, Division VII, Part IV, First Schedule

Engine Capacity	Filer (Rs.)	Non-Filer (Rs.)
Up to 850cc	**7,500**	**15,000**
851–1000cc	**15,000**	**30,000**
1001–1300cc	**25,000**	**50,000**
1301–1600cc	**50,000**	**100,000**
1601–1800cc	**75,000**	**150,000**
1801–2000cc	**100,000**	**200,000**
2001–2500cc	**150,000**	**300,000**
2501–3000cc	**200,000**	**400,000**
Above 3000cc	**250,000**	**500,000**

23. Motor Vehicles — Transfer of Registration [I]

Sec 231B

Engine Capacity	Filer (Rs.)	Non-Filer (Rs.)
851–1000cc	**5,000**	**10,000**
1001–1300cc	**7,500**	**15,000**
1301–1600cc	**12,500**	**25,000**
1601–1800cc	**18,750**	**37,500**
1801–2000cc	**25,000**	**50,000**
2001–2500cc	**37,500**	**75,000**
2501–3000cc	**50,000**	**100,000**
Above 3000cc	**62,500**	**125,000**

No tax after 5 years from first registration. Leasing to non-filer: 4% (banks/DFIs/modarabas).

24. Electricity Consumers [P]

Sec 235, 235A

Category	Rate
Domestic electricity, bill >Rs.75,000/month	**7.5%**

Section 235B (steel melters/re-rollers electricity levy) was omitted by Finance Act, 2020, effective Tax Year 2021.

25. Telephone, Cash Withdrawal & Banking [I]

Sec 236, 231A, 231AA

Category	Rate
Landline bill >Rs.1,000	**10%**
Internet & mobile (postpaid/prepaid)	**12.5%**
Cash withdrawal >Rs.50,000/day (non-filer only)	**0.6%**
Bearer banking instruments bought in cash (non-filer only)	**0.6%**

Exchange companies (licensed by SBP): cash withdrawal rate 0.15%.

26. Sale by Auction [I]

Sec 236A

Filer	Non-Filer
10%	20%

Sale of property, goods, or lease of collection rights by public auction/tender. Final tax.

27. Air Tickets [I]

Sec 236B, 236L

Category	Rate
Domestic	5%
International — First/Executive Class	Rs.16,000/person
International — Other (non-economy)	Rs.12,000/person
International — Economy	Nil

28. Sale/Transfer of Immovable Property [P]

Sec 236C

Filer	Non-Filer
1%	2%

Not applicable if property held >5 years.

29. Functions & Gatherings [P]

Sec 236D

Section 236D was omitted by Finance Act, 2020, effective Tax Year 2021 — this provision no longer applies.

30. Distributor & Retailer Sales [I]

Sec 236G, 236H, 236HA

Category	Filer	Non-Filer
Distributors — fertilizer	0.7%	1.4%
Distributors — other than fertilizer	0.1%	0.2%
Retailers — electronics	1%	2%
Retailers — other goods	0.5%	1%
Petroleum products (ex-depot price)	0.5%	1%

31. Educational Institutions [P]

Sec 236I

Category	Rate
Education fee >Rs.200,000	**5%**

Section 236J (dealers/commission agents/arhatis) was omitted by Finance Act, 2020, effective Tax Year 2021.

32. Other Advance Tax Provisions [P]

Sec 236P, 236Q, 236Y

Provision	Rate
Banking transactions (non-cash), non-filer only	**0.4%**
Machinery/equipment rental	**10%**
Card remittance abroad — filer / non-filer	**1% / 2%**

Sections 236R (education remittance abroad), 236U (insurance premium), and 236X (tobacco) were all omitted by Finance Act, 2020, effective Tax Year 2021.

33. Purchase of Immovable Property [I]

Sec 236K

Filer	Non-Filer
1% of FMV	**2% of FMV**

34. Minimum Tax [I]

Sec 113

Person(s)	Rate
Companies (general)	**1.5% of turnover**
Distributors: pharma/FMCG/cigarettes; petroleum agents; flour/rice mills; sugar/cement/edible oil dealers	**0.25%**
Motorcycle dealers	**0.3%**
Poultry industry, fertilizer dealers, PIA, OMCs/refineries, SSGC/SNGPL (turnover >Rs.1B)	**0.75%**

35. Capital Gains — Immovable Property [P]

Sec 37(1A), Division VIII, Part I, First Schedule

Holding Period	Open Plots	Constructed Property	Flats
≤1 year	**15%**	**15%**	**15%**
1–2 years	**12.5%**	**10%**	**7.5%**
2–3 years	**10%**	**7.5%**	**0%**
3–4 years	**7.5%**	**5%**	**—**
4–5 years	**5%**	**0%**	**—**
5–6 years	**2.5%**	**—**	**—**
>6 years	**0%**	**—**	**—**

***Revised for TY2023** — Division VIII fully substituted by Finance Act, 2022: replaces the flat gain-percentage table (2.5%/5%/7.5%/10%) used in TY2021–TY2022 with a direct holding-period tax-rate matrix, split by asset type (open plots / constructed property / flats) rather than a separate "taxable portion of gain" step. Applies to disposals from 1 July 2022. Verified directly against Finance Act, 2022 text.*

36. Capital Gains — Securities [P]

Sec 37A, Division VII, Part I, First Schedule

Holding Period	Rate (securities acquired on/after 1 Jul 2022)
≤1 year	**15%**
1–2 years	**12.5%**
2–3 years	**10%**
3–4 years	**7.5%**
4–5 years	**5%**
5–6 years	**2.5%**
>6 years	**0%**
Future commodity contracts (PMEX members)	**5%**

***Revised for TY2023** — Division VII fully substituted by Finance Act, 2022: replaces the acquisition-date-split table used through TY2022 with a single holding-period schedule. Securities acquired on or before 30 June 2022 are taxed flat at 12.5% regardless of holding period. New provisos also added: mutual fund/REIT redemption withholding (10% individuals/AOP for stock funds, 10%/25% companies for stock/other funds; 12.5% where stock-fund dividend receipts are below capital gains; nil if held >6 years). Verified directly against Finance Act, 2022 text.*

37. Allowances, Deductions & Tax Credits (Salary) [I]

Medical benefit: fully exempt where NTN of hospital/clinic disclosed. Medical allowance (no facility): exempt up to 10% of basic salary. Employer provident fund contribution: exempt up to lower of Rs.150,000 or 10% of salary. Zakat: 100% deductible. Profit on debt for house construction/purchase: lower of 50% of taxable income or Rs.2 million. Education expenses: lower of 5% of tuition fee, 25% of taxable income, or Rs.60,000 × number of children (income ≤Rs.1.5 million). Tax credits available for charitable donations, share/insurance investment, health insurance premium, and approved pension fund contributions, each subject to specified caps. Senior citizens/disabled persons (income ≤Rs.1 million): 50% reduction in tax liability. Full-time teachers/researchers at HEC-recognized institutions: 25% reduction (excludes medical professionals in private practice).

Supplementary Amendments (Retrospective/In-Year)

These provisions were introduced via subsequent Finance Acts and may have specific retrospective application relevant to TY2023.

Super Tax on High Earning Persons [S]

SEC 4C, DIVISION IIB, PART I, FIRST SCHEDULE

Income	Rate
Does not exceed Rs.150 million	**0%**
Rs.150M – Rs.200M	**1%**
Rs.200M – Rs.250M	**2%**
Rs.250M – Rs.300M	**3%**
Rs.300M – Rs.350M	**4%**
Rs.350M – Rs.400M	**6%**
Rs.400M – Rs.500M	**8%**
Above Rs.500M	**10%**

Table extended for "tax year 2023 and onwards" — Finance Act, 2023 retroactively restated Division IIB with two columns ("for tax year 2022" showing the original 4-tier table capped at 4%, and "for tax year 2023 and onwards" showing this extended 8-tier table reaching 10% above Rs.500M). Also applies to advance tax under section 147 from TY2023. Verified directly against Finance Act, 2023 text.

Tax on Deemed Income [S]

SEC 7E, DIVISION VIIIC, PART I, FIRST SCHEDULE

Flat rate: **20%** of 5% deemed fair market value of capital assets in Pakistan (i.e. an effective 1% of asset FMV)
Introduced by Finance Act, 2022, effective "for tax year 2022 and onwards" — continues unchanged into TY2023. A resident person is treated as deriving income equal to 5% of the fair market value of capital assets held in Pakistan on the last day of the tax year, taxed at 20%. Key exemptions: one self-owned capital asset; self-owned business premises (if on ATL); self-owned agricultural land in active use (excl. farmhouses); assets of Shaheed/war-wounded families and ex-servicemen (original allottees); property already taxed as income; assets acquired in the same year where 236K tax was paid; aggregate FMV of assets (excl. exempted categories) not exceeding Rs.25 million; government/local-authority-owned assets. Verified directly against Finance Act, 2022 text.

Functions & Gatherings [S]

SEC 236CB, DIVISION XI, PART IV, FIRST SCHEDULE

Flat rate: **10%** of the total bill
***New for TY2023** — introduced by the Finance (Supplementary) Act, 2023 (23 February 2023), effective immediately. Adjustable advance tax collected by marriage halls, marquees, hotels, restaurants, commercial lawns, clubs, or any similar venue on the total bill for a function (wedding events, seminars, workshops, exhibitions, concerts, shows, parties, or similar gatherings). Where food/service/other facilities are provided by a separate party, tax is also collected on that payment. This reinstates a functions-tax concept distinct from the earlier Sec 236D, which had been omitted effective TY2021. Verified directly against the Finance (Supplementary) Act, 2023 text.*

Advance Tax on Acquisition of Unlisted Shares [S]

SEC 37(6)–(10)

Flat rate: **10%** of the fair market value of shares acquired

New for TY2023 *— introduced by the Finance (Supplementary) Act, 2023 (23 February 2023), effective immediately. A person acquiring capital-asset shares of a company must deduct advance adjustable tax at 10% of the shares' fair market value (as determined under Sec 101A(4), without reduction for liabilities), payable to the Commissioner within 15 days. The Commissioner may allow reduced/nil deduction on application. Disposing party must furnish prescribed transaction details within 30 days. Verified directly against the Finance (Supplementary) Act, 2023 text.*

Treatment of Off-Market Listed Shares [S]

SEC 37A (PROVISO) / SEC 37

Introduced by the Finance (Supplementary) Act, 2023 (23 February 2023), effective immediately. Disposals of listed shares that are not settled through the National Clearing Company of Pakistan Limited (NCCPL) — i.e. off-market transactions — fall outside the Section 37A capital-gains-on-securities schedule (Section 36) and are instead taxed under the general capital gains provisions of Section 37. Practitioners should confirm settlement channel before applying the Section 36 securities schedule to any share disposal. Verified directly against the Finance (Supplementary) Act, 2023 text.

39. Disclaimer & Contact

This card has been prepared using the provisions of the Income Tax Ordinance, 2001 as amended by the Finance Act, 2022 and the Finance (Supplementary) Act, 2023, and reflects our general interpretation of the applicable statute. It does not constitute tax advice and may not be acceptable to taxation authorities in a particular case. Tax laws are subject to change; we accept no responsibility for updating this document or for any loss arising from reliance on it. For advice specific to your situation, please contact us directly.

Legend:

- [P] — Verified against Primary Legislative Text (Finance Act 2022, Finance (Supplementary) Act 2023).
- [I] — Inferred rate based on established continuity.
- [S] — Supplementary/Retrospective provision (see Section 38).

Prepared by: Umair A R Mughal, FBR-Registered Income Tax Practitioner (ITP)