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TAX CARD

Withholding & Income Tax Rates — Tax Year 2006

Applicable from July 01, 2005 to June 30, 2006 | As updated vide the Finance Act, 2005

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

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 2006 (1 July 2005 to 30 June 2006), as reflected in the source material provided for this compilation.

Important note on this historical edition: Tax Year 2006 predates the earliest primary legislative text available to us in this compilation session (Finance Act, 2018). Every rate in this card is therefore sourced from the reference material supplied to us rather than independently confirmed against the Finance Act, 2005 or the Income Tax Ordinance, 2001 as it stood at that time. All sections are accordingly marked **[I]** (secondary source) rather than **[P]** (primary-verified) — see the Legend on the final page. This card is intended as a historical reference only and should not be relied upon for any current compliance purpose.

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1. Tax Rates for Individuals (Other than Salaried), AOPs & URF/HUF [I]

INCOME TAX ORDINANCE, 2001, AS PER FINANCE ACT, 2005 (PER SOURCE MATERIAL)

Income Group	Rate of Tax
Up to Rs. 100,000	**NIL**
Rs. 100,001 – Rs. 150,000	**7.5%**
Rs. 150,001 – Rs. 300,000	**Rs. 3,750 + 12.5% of amount exceeding Rs. 150,000**
Rs. 300,001 – Rs. 400,000	**Rs. 22,500 + 20% of amount exceeding Rs. 300,000**
Rs. 400,001 – Rs. 700,000	**Rs. 42,500 + 25% of amount exceeding Rs. 400,000**
Above Rs. 700,000	**Rs. 117,500 + 35% of amount exceeding Rs. 700,000**

[Manual Verification Required] — Sourced from supplied reference material; not independently confirmed against Finance Act, 2005 or Income Tax Ordinance, 2001 primary text, which is outside the range of primary sources available in this compilation session.

2. Senior Citizen Tax Rebate [I]

Special tax rebate: **75%** of tax payable
Available to an assessee aged 65 years or above, earning income up to Rs. 400,000 per annum, per supplied reference material.

3. Presumptive Tax Regime — Retailers [I]

Section	Condition	Rate
Sec 113A	Turnover does not exceed Rs. 5 million p.a.	**0.75% of turnover**
Sec 113B	Turnover exceeds Rs. 5 million p.a.	**1% of turnover**

4. Agricultural Income (Individual / AOP) [I]

Income Group	Rate of Tax
Up to Rs. 150,000	**7.5% of such income**
Rs. 150,001 – Rs. 300,000	**Rs. 11,250 + 12.5% of amount exceeding Rs. 150,000**
Rs. 300,001 – Rs. 400,000	**Rs. 30,000 + 20% of amount exceeding Rs. 300,000**
Rs. 400,001 – Rs. 700,000	**Rs. 50,000 + 25% of amount exceeding Rs. 400,000**
Above Rs. 700,000	**Rs. 125,000 + 35% of amount exceeding Rs. 700,000**

5. Tax Rates for Salaried Class [i]

Income Group	Rate of Tax
Up to Rs. 100,000	**NIL**
Rs. 100,001 – Rs. 200,000	**3.5%**
Rs. 200,001 – Rs. 400,000	**Rs. 3,500 + 12% of amount exceeding Rs. 200,000**
Rs. 400,001 – Rs. 700,000	**Rs. 27,500 + 25% of amount exceeding Rs. 400,000**
Above Rs. 700,000	**Rs. 102,500 + 30% of amount exceeding Rs. 700,000**

The tax reduction provided by clause 1B of Part III of the Second Schedule has been proposed to be withdrawn, per supplied reference material.

6. Small Companies [i]

Flat rate: **20%** of taxable income
"Small company" introduced as a new concept by the Finance Bill referenced in the source material.

7. Company Tax Rates — 2003–2007 Phase-Down [i]

Company Type	2003	2004	2005	2006	2007
Banking company	**47%**	**44%**	**41%**	**38%**	**35%**
Public company (other than banking)	**35%**	**35%**	**35%**	**35%**	**35%**
Private company (other than banking)	**43%**	**41%**	**39%**	**37%**	**35%**

TY2006 corresponds to the 2005 column above under the phase-down schedule referenced in the source material.

8. Minimum Tax [i]

SEC 113

Flat rate: **0.5%** of turnover, or the tax otherwise payable, whichever is higher

9. Shipping & Air Transport [i]

SEC 7

Category	Rate
Shipping	**8% of gross amount received/receivable**
Air transport	**3% of gross amount received/receivable**

10. Dividend, Savings & Government Securities [i]

Category	Rate
Dividend income — other	10%
Dividend income — received by public companies or insurance companies	5%
Yield on National Saving Deposit Certificate (incl. Defence Saving Certificate)	10%
Interest on bank/financial institution accounts or deposits	10%
Profit on government/local authority securities (to non-financial-institution persons)	20%
Profit on bonds/certificates/debentures/instruments issued by banking companies, financial institutions, finance societies, or companies (other than bank–DFI loan agreements)	10%

11. Prizes & Winnings [i]

Category	Rate
Prize bonds	10%
Raffle, lottery, crossword puzzle, sales promotion schemes	20%

12. Rent, Brokerage & Commission [i]

Category	Rate
Rent, where total rent exceeds Rs. 300,000 per annum	5%
Brokerage & commission (general)	5%
Brokerage & commission — travel and insurance agents	10%
Export of raw cotton and cotton yarn	1.5%

13. Contracts, Telephone & Cash Withdrawal [i]

Category	Rate
Contracts of all types	6%
Telephone bills / prepaid payphone cards	10%
Cash withdrawal from bank	0.1%

14. Supply of Goods [i]

Category	Rate
Rice, cotton, and cotton seed	1.5%
Edible oils	1%
Other supplies	3.5%

15. Imports [i]

Category	Rate
Imports (other than listed below)	6%
Tractors	2%
DAP (Di-Ammonium Phosphate)	2%
Plant and machinery	0%
Edible oils	2%

16. Services Rendered [i]

Category	Rate
Transport services	2%
Other services	5%

17. Payments to Non-Residents [i]

Category	Rate
Turnkey contract	6%
Contract/sub-contract for design, construction, or supply of plant & equipment — hydel power project or transmission line project	6%
Contract/sub-contract — any other power project	6%
Any other contract	6%

18. Advertisement, Petroleum & Royalties [i]

Category	Rate
Advertisement by private TV channels	**5%**
Petroleum products	**10%**
Royalties / fee for technical services	**15%**

19. Other Payments [i]

Category	Rate
Payments other than salary, dividend, supplies, services, execution of contracts, property, prize money, raffle/lottery/crossword winnings	**30%**
Purchase of cars (subsequently withdrawn)	**6%**

20. Appeal Fees [i]

Forum	Fee
Commissioner (Appeals) / Additional Commissioner	**Rs. 1,000 or 10% of tax levied, whichever is less**
— where no tax is payable	**Rs. 1,000 (companies) / Rs. 200 (other cases)**
Income Tax Appellate Tribunal	**Rs. 2,500 or 10% of tax levied, whichever is less**
— where no tax is levied	**Rs. 2,000 (companies) / Rs. 500 (other cases)**

21. Disclaimer & Contact

This document is a simplified historical reference guide for Tax Year 2006, compiled from source material supplied for this purpose. It is not independently verified against the Finance Act, 2005, the Income Tax Ordinance, 2001 (as it stood at that time), or official FBR publications from that period, as these fall outside the range of primary legislative text available in this compilation session. This card should not be relied upon for any current compliance, filing, or advisory purpose — tax laws referenced here have long since been superseded by subsequent Finance Acts. TaxAccountant.pk assumes no liability for errors in this simplified historical guide.

Legend:
[P] — Verified against Primary Legislative Text. *(Not used in this edition — no primary source available for Tax Year 2006.)*
[I] — Sourced from supplied reference material; not independently confirmed against primary legislation.

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