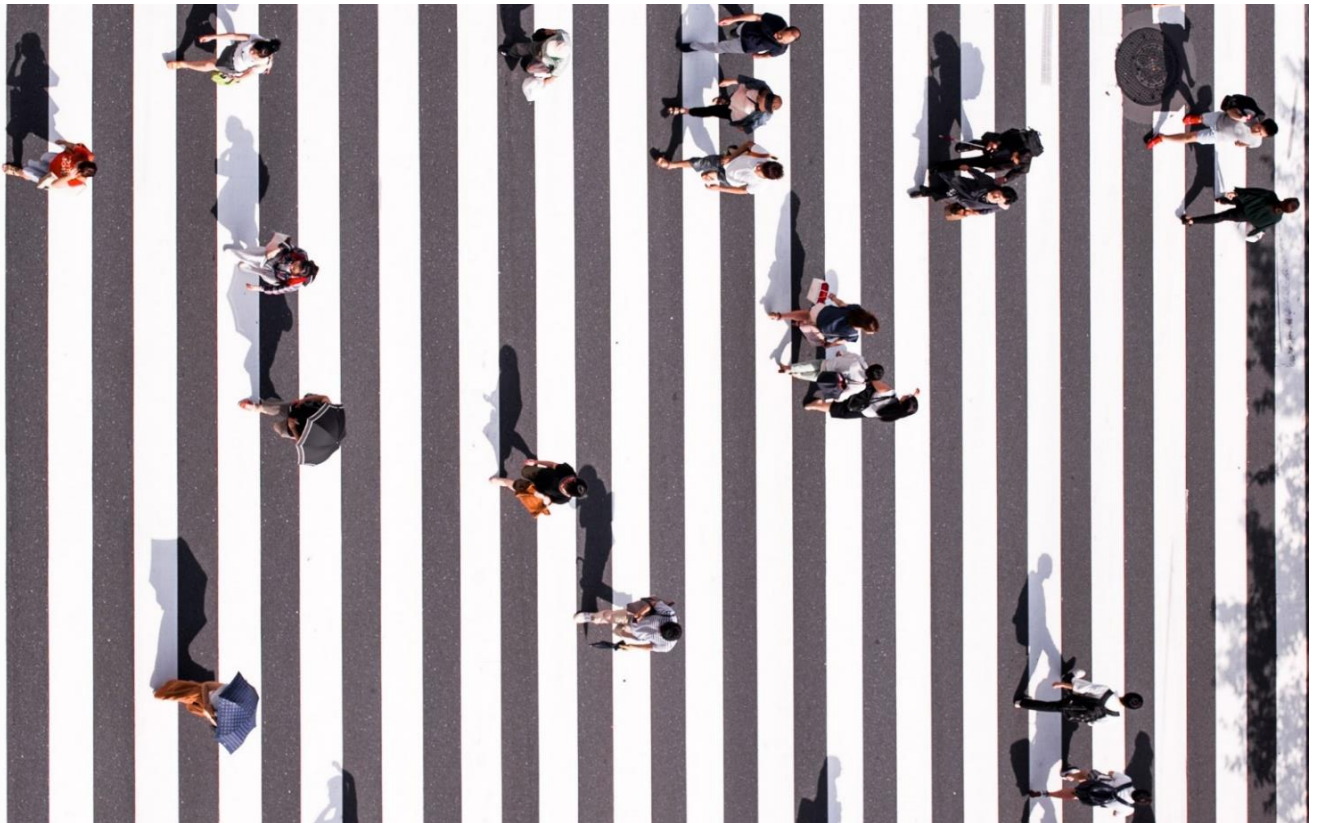


TAX INSIGHTS JUNE 2025

Welcome to our latest newsletter, packed with insightful updates and vital information on Income Tax, Sales Tax, and Customs duties in Pakistan. This edition presents the latest developments and changes in fiscal laws and regulations that will impact businesses and individuals, including supplements on changes introduced through the Finance Act, 2025. Stay ahead of the curve with our newsletter and ensure compliance with the ever-evolving tax landscape in Pakistan.



INCOME TAX

The Finance Act, 2025, has introduced several notable amendments to the Income Tax Ordinance, 2001, aimed at enhancing compliance, discouraging undocumented transactions, and expanding the tax base. In this section, we have summarised key income tax changes, including new restrictions on economic transactions by non-filers, disallowance of certain business expenditures, revised thresholds, and tax rates. These developments are likely to directly affect both individuals and companies, requiring careful attention from compliance and planning perspectives.

1. Restrictions on economic transactions of certain persons-Section 114C

The Finance Act, 2025 has added a new section 114C to the Income Tax Ordinance, 2001 ("ITO"), establishing significant limitations on certain high-value economic transactions by ineligible persons. These restrictions shall be applicable from the date to be notified by the Federal Government. Section 114C overrides all other prevailing laws and enforces the following restrictions on individuals who are not compliant with income tax return filing and wealth declaration requirements:

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S.No	Description	Transaction Value Specification	Tax Rate
1.	<u>Vehicle Purchase Restrictions</u> Booking, Purchase or Registration of motor vehicle.	Invoice value for locally manufactured vehicle; or the import value as assessed by the Customs Authority inclusive of all applicable taxes, duties, levies and charge	Exceeding 7 million Rupees
2.	<u>Immovable Property Transactions</u> Registering, Recording or attesting Transfer of any immoveable property	Fair Market Value as defined in clause (22AA) of section 2 of the Ordinance	Exceeding 100 million Rupees
3.	<u>Investment Account Restrictions:</u> Investment in securities, debt securities, units of mutual funds or money market instruments subject to the condition that the investment amount up to rupees fifty million shall be new investment in any financial year excluding reinvestment either by liquidation of similar type of securities and or reinvestment of returns earned on already held securities	Acquisition cost of securities or debt securities or unit of mutual funds or money market instruments	Exceeding 50 million Rupees
4.	<u>Cash Withdrawal Limit:</u> Annual cash withdrawal limit		100 million rupees in all bank accounts held by an individual

Definition of ineligible person

An ineligible person is anyone who does not meet the definition of an eligible person, as explained below:

- An eligible person is one who has:
 - Filed their income tax return for the tax year immediately preceding the transaction year, and
 - Declared sufficient resources for the transaction in:
 - Their wealth statement (for individuals), or
 - Financial statements (for companies/AOPs),
 - OR has filed a Sources of Investment and Expenditure Statement explaining the origin of funds used.

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- Immediate family members (parents, spouse, and dependent children) of an individual taxpayer are also considered eligible if the individual meets the above criteria.

"Sufficient resources" means 130% of the value of following assets declared in the latest wealth statement, financial statements, or sources of investment and expenditure statement submitted to FBR: Cash or equivalent assets (local or foreign currency)

- Fair market value of gold
- Net realizable value of stocks, bonds, receivables, or other cash equivalents

Importantly, filing a source of investment and expenditure statement or declaring sufficient resources will not be treated as disclosure of income for the purpose of Section 111(unexplained income/assets)

If an asset is acquired by exchanging an already-declared capital asset, the declared value of the disposed asset will be considered as part of the available cash equivalents.

Non-Applicability to Certain Persons

The restrictions under Section 114C will not apply to:

- Non-resident persons, and
- Public companies (except for the cash withdrawal restriction under clause (d))

The Federal Government will notify the date on which these restrictions come into effect. The transaction value thresholds are specified in the Fifteenth Schedule, as tabulated above, and may be adjusted by the government through notification in the Official Gazette.

2. Disallowance of Business Expenditure for Cash Sales-Section 21(s)

The Finance Act, 2025 has introduced a new clause (s) under Section 21 of the ITO, expanding the scope of non-deductible business expenditures.

Under the new provision, 50% of any expenditure claimed in connection with sales will be disallowed, where the taxpayer receives payment exceeding Rs. 200,000 through means other than a banking channel or digital instrument, under a single invoice (which may cover one or multiple transactions involving the supply of goods or services).

The threshold applies per invoice, not per transaction. The mode of payment must be traceable (e.g., bank transfer, online payment); otherwise, half of the related expenditure becomes inadmissible. The law does not define or prescribe a clear basis for determining which expenditure will be allowed. In the absence of such guidance, expenditure may be disallowed on a proportionate basis.

Explanation

Example A: Below Threshold – No Disallowance Applies

A registered person sells goods worth Rs. 195,000 through a single invoice and receives the full amount in cash. As the value is below the Rs. 200,000 threshold, no disallowance is made.

Example B: Above Threshold – Disallowance Applies

Goods worth Rs. 225,000 are sold under one invoice and paid entirely in cash. Since the payment exceeds Rs. 200,000 and was not routed through a bank or digital channel, 50% of any related

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expenditure will be inadmissible. For instance, if Rs. 40,000 was claimed as expense directly linked to this sale, Rs. 20,000 would be disallowed.

3. Tax Rates

A summary of key tax rates and changes introduced through the Finance Act is provided below.

Section 7 Payments to Non-Resident		
Taxpayer's Status	Filer	Non-Filer
Shipping Income	8%	8%
Air Transport Income	3%	3%

Section 7C Tax on Builders					
(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	
For commercial Buildings					
Rs. 210/ Sq. Yd		Rs. 210/ Sq. Yd		Rs. 210/ Sq. Yd	
For residential Buildings					
Area in Sq. Yd	Rate/ Sq. Yd	Area in Sq. Yd	Rate/ Sq. Yd	Area in Sq. Yd	Rate/ Sq. Yd
Up to 750	Rs. 20	Up to 750	Rs. 15	Up to 750	Rs. 10
75 to 1500	Rs. 40	75 to 1500	Rs. 35	75 to 1500	Rs. 25
1501 and more	Rs. 70	1501 and more	Rs. 55	1501 and more	Rs. 35

Section 7D Tax on Developers					
(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	
For commercial Plots					
Rs. 210/ Sq. Yd		Rs. 210/ Sq. Yd		Rs. 210/ Sq. Yd	
For residential Plots					
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 to120	Rs. 15	Up to120	Rs. 10
121 to 200	Rs. 40	121 to 200	Rs. 35	121 to 200	Rs. 25
201 and more	Rs. 70	201 and more	Rs. 55	201 and more	Rs. 35

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S.No.	Section 37 (1A) Capital gain on sale of immovable property				
	Tax on properties acquired on or before 30th day of June, 2024			Tax on properties acquired on or after 1st day of July, 2024	
		Open Plot	Constructed	Flat	
i.	Where holding period does not exceed one year	15%	15%	15%	15% for persons appearing on the ATL on date of Disposal of property and at the normal slab rates. Provided that the rate of tax for individuals and AOP not appearing on the ATL, the rate of tax shall not be less than 15% of the gain
ii.	Where holding period exceeds one year but does not exceed two years	12.5%	10%	7.5%	
iii.	Where holding period exceed two years but does not exceed three years	10%	7.5%	0%	
iv.	Where holding period exceeds three years but does not exceed four years	7.5%	5%	0%	
v.	Where holding period exceeds four years but does not exceed five years	5%	0%	0%	
vi.	Where holding period exceeds five years but does not exceed six years	2.5%	0%	0%	
vii.	Where holding period exceeds six years	0%	0%	0%	

S. No.	Section 37(A) Capital gain on sale of Securities		
	Holding Period	Tax on disposal of securities acquired between 1 July, 2022 & 30 June, 2024	Tax on disposal of securities acquired on or after 1st day of July, 2024
i.	Where the holding period does not exceed one year	15%	15% for persons appearing on the ATL on the date of acquisition and the date of disposal of securities. And at the normal slab rates for non-Active
ii.	Where the holding period exceeds 1 year but does not exceed 2 years	12.5%	
iii.	Where the holding period exceeds 2 years but does not exceed 3 years	10%	
iv.	Where the holding period exceeds 3 years but does not exceed 4 years	7.5%	

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S. No.	Section 37(A) Capital gain on sale of Securities		
	Holding Period	Tax on disposal of securities acquired between 1 July, 2022 & 30 June, 2024	Tax on disposal of securities acquired on or after 1st day of July, 2024
v.	Where the holding period exceeds 4 years but does not exceed 5 years	5%	taxpayers. Provided that the rate shall not be lower than 15%.
vi.	Where the holding period exceeds 5 years but does not exceed 6 years	2.5%	
vii.	Where the holding period exceeds 6 years	0%	
viii.	Future commodity	5%	5%

S. No.	Section 113 Minimum Tax	
		%age of Turnover
i.	SNGPL and SSGCL, PIA, Poultry Industry,	0.75%
ii.	Distributors (Pharma), FMCG, Cigarettes, Rice mills and dealers, Flour mills	0.25%
iii.	Petroleum agents and distributors (ST Registered.), Trading used vehicles	0.25%
iv.	E commerce & online market place, Teir1- Retailers of FMCG (Integrated)	0.25%
v.	Oil Refineries, Motorcycles Dealers [ST Registered], Oil Marketing Co.	0.5%
vi.	All Others [General Rate]	1.25%

S. No.	Section 148 Collection of Tax at Imports		
		Filer	Non-Filer
i.	Persons importing goods classified in Part I of the 12th Schedule- Material and Machinery	1%	2%
ii.	Persons importing goods classified in Part II of the 12th Schedule other than Commercial Importer	2%	4%
iii.	Persons importing goods classified in Part III of the 12th Schedule other than Commercial Importer	5.5%	11%
iv.	Manufacturers covered under S.R.O. 1125(I)/2011 dated 31 December 2011	1%	2%
v.	Persons importing finished pharmaceutical products that are not manufactured in Pakistan as certified by DRAP	4%	8%

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S. No.	Section 148 Collection of Tax at Imports		
		Filer	Non-Filer
vi.	Importer of CKD kits of electric vehicles for small cars or SUVs with 50 kwh battery or below and LCVs with 150 kwh battery or below	1%	2%
vii.	Commercial importer of goods classified in Part II of 12 th Schedule	3.5%	7%
viii.	Commercial importer of goods classified in Part III of 12 th Schedule	6%	12%

Section 149 Salary (First Schedule, Part I, Division I)	
Income	Tax Rates
Up to Rs. 600,000	0%
Rs. 600,001 to Rs. 1,200,000	1% exceeding Rs. 600,000
Rs. 1,200,001 to Rs. 2,200,000	Rs. 6,000 + 11% of amount exceeding Rs. 1,200,000
Rs. 2,200,001 to Rs. 3,200,000	Rs. 116,000 + 23% of amount exceeding Rs. 2,200,000
Rs. 3,200,001 to Rs. 4,100,000	Rs. 346,000 + 30% of amount exceeding Rs. 3,200,000
Above Rs. 4,100,000	Rs. 616,000 + 35% of amount exceeding Rs. 4,100,000

*Director Fee

(20% of the gross amount payable)

Individuals having only annuity and pension income	
Income	Tax Rates
Pension received up to Rs. 10,000,000	0%
Pension received exceeding Rs. 10,000,000	5% of the amount exceeding Rs.10,000,000

Section 4AB Surcharge on Tax Payable
<p>A surcharge shall be payable by every individual and AOP at the rate of ten percent of the income tax and for the individual deriving income from salary shall be taxed at the rate of nine percent of the income tax imposed under Division I of Part I of the First Schedule where the taxable income exceeds rupees ten million.</p> <p>Furthermore, person responsible for paying salary will also be required to withhold the amount of surcharge.</p>

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AOP and Non-Salaried Individuals (First Schedule, Part I, Division I)	
Income	Tax Rates
Up to Rs. 600,000	0%
Rs. 600,001 to Rs. 1,200,000	15% exceeding Rs. 600,000
Rs. 1,200,001 to Rs. 1,600,000	Rs. 90,000 + 20% exceeding Rs. 1,200,000
Rs. 1,600,001 to Rs. 3,200,000	Rs. 170,000 + 30% exceeding Rs. 1,600,000
Rs. 3,200,001 to Rs. 5,600,000	Rs. 650,000 + 40% exceeding Rs. 3,200,000
Above Rs. 5,600,000	Rs. 1,610,000 + 45% exceeding Rs. 5,600,000
Provided that in the case of an association of persons that is a professional firm Prohibited from incorporating by any law or the rules of the body regulating their profession, the 45% rate of tax mentioned against serial number 6 of the Table shall be 40%	

Companies Other Than Banks Income Tax Rate	
Type	Tax Rates
Small Companies	20%
Banking Company	39%
Other Companies	29%
Alternate Corporate Tax – [Sec 113C]	17%

Small and Medium Enterprise Option to Final Tax Regime 14th Schedule	
Type	Tax Rates
Annual Turnover up to Rs.100 million	0.25%
Annual Turnover from Rs 100 million but less than Rs 250 million	0.5%

Small and Medium Enterprise Option to Normal Tax Regime 14th Schedule	
Type	Tax Rates
Annual Turnover up to Rs.100 million	7.5%
Annual Turnover from Rs 100 million but less than Rs 250 million	15%

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S. No.	Section 4C Super Tax on Persons Earning Above the Prescribed Amounts			
	Income in Million Rupees	For TY 2022	TY2023, 2024,2025	TY 2026 Onward
i.	Where income exceeds Rs. 150 million but does not exceed Rs. 200 million	1% of the income	1% of the income	1% of the income
ii.	Where income exceeds Rs. 200 million but does not exceed Rs. 250 million	2% of the income	2% of the income	1.5% of the income
iii.	Where income exceeds Rs. 250 million but does not exceed Rs. 300 million	3% of the income	3% of the income	2.5% of the income
iv.	Where income exceeds Rs. 300 million but does not exceed Rs. 350 million	4% of the income	4% of the income	3.5% of the income
v.	Where income exceeds Rs. 350 million but does not exceed Rs. 400 million		6% of the income	5.5% of the income
vi.	Where income exceeds Rs. 400 million but does not exceed Rs. 500 million		8% of the income	7.5% of the income
vii.	Where income exceeds Rs. 500 million		10% of the income	10% of the income

S. No.	Section 150 Dividend Income		
	Status of Taxpayer	Filer	Non-Filer
i.	Independent power producers where such dividend is a pass-through item under implementation agreement or power/energy purchase agreement and is required to be reimbursed by CPPA-G	7.5%	15%
ii.	Companies engaged in biogas and biomass-based co-generation power project qualifying for exemption under clause (132C) of Part I of 2nd Schedule	7.5%	15%
iii.	From Co. do not pay any tax due to exemption, tax credit or c/f losses	25%	50%
iv.	Dividend received by a REIT scheme from a Special Purpose Vehicle	0%	-

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S. No.	Section 150 Dividend Income		
	Status of Taxpayer	Filer	Non-Filer
v.	Dividend received by others from SPV as defined under the REIT Regulations, 2015	35%	70%
vi.	Real Estate Investment Trust	15%	30%
vii.	In case of mutual funds, where proportional income derived from average annual investment in Debt Securities where recipient is: <ul style="list-style-type: none"> corporate entity others 	29% 25%	58% 50%
viii.	In case of mutual funds, where proportional income derived from average annual investment in Equity	15%	30%
ix.	Dividend from mutual fund and Company, other than above	15%	30%
x.	Intercompany dividend under group taxation u/s 59AA	EXEMPT	
xi.	Dividend received by a Co. which is eligible for group relief u/s 59B		
xii.	Dividend received by a corporate agricultural enterprise from its agricultural income		
xiii.	Dividend received from any venture capital fund from investments in zone enterprises as defined in Special Technology Zones Authority Act, 2021 for ten (10) years		

S. No.	Section 151 Profit on Debt		
	Status of Taxpayer	Filer	Non-Filer
i.	Profit on debt paid by other than banking company	15%	30%
ii.	Profit on debt paid by a banking company or financial institution	20%	40%
iii.	Yield or profit on any security issued by Federal Government, a Provincial Government or a local Government other than profit on National Saving Scheme or Post Office Saving account to any person <ul style="list-style-type: none"> Where the profit is derived by Individual Where the profit is derived by Company or AOP 	15% 30%	30% 40%
iv.	Profit on any bond, certificate, debenture, security or instrument of any kind (excluding loan agreement between a borrower and a banking company or a development finance	15%	30%

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S. No.	Section 151 Profit on Debt		
	Status of Taxpayer	Filer	Non-Filer
	institution) issued by a banking company, financial institution, company or a finance society, to any person		
v.	In all other cases, other than mentioned above	15%	30%

S. No.	Section 151(1A) Return on Investment in Sukuk		
	Status of Taxpayer	Filer	Non-Filer
i.	Company	25%	50%
ii.	Individual & AOP where return is more than Rs. 1 million	12.5%	25%
iii.	Individual & AOP where return is less than Rs. 1 million	10%	20%

S. No.	Section 151(A) Gain Arising on Disposal of Certain Debt Securities		
	Status of Taxpayer	Filer	Non-Filer
i.	Capital gain disposal of debt securities (except disposal of Securities through stock exchange and settled through NCCPL)	15%	30%

S. No.	Section 152 Payment to Non-Resident	
		Filer
i.	Royalty or Fee for Technical and fee for offshore digital Services	15%
ii.	Execution of Contract, Construction Contract or advertisements by TV Satellite Channels	7%
iii.	Insurance premium or re-Insurance premium	5%
iv.	Advertisement services relaying from outside Pakistan	10%
v.	Foreign produced commercial for advertisement on any TV or any media	20%
vi.	Capital gain arising to non-resident company having no Permanent establishment in Pakistan on the disposal of debt instrument and Government securities including T-Bills and PIBs invested through special convertible rupee account <ul style="list-style-type: none"> Period less than 6 months Period more than 6 months 	20% 10%

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S. No.	Section 152 Payment to Non-Resident	
		Filer
vii.	Capital gain arising on the disposal of debt instruments and government securities and certificates invested through Foreign Currency Value Account or non-resident Pakistani Rupee Value Account by a non-resident individual holding CNIC, NICOP or POC	10%
viii.	Return on investment in sukuk (excluding "The Second Pakistan Sukuk Company" and "The Third Pakistan Sukuk Company"). In case, sukuk holder is: <ul style="list-style-type: none"> • Company • Individual & AOP (where the return is more than Rs. 1 million) • Individual & AOP (where the return is less than Rs. 1 million) 	25% 12.5% 10%
ix.	Profit on debt to non-resident person not having a PE in Pakistan	10%
x.	Payments to an individual, on account of profit on debt earned from a debt instrument, whether conventional or shariah compliant, issued by the Federal Government under the Public Debt Act, 1944 and purchased exclusively through a bank account maintained abroad, a non-resident repatriable rupee account or a foreign currency account maintained with a banking company in Pakistan	10%
xi.	Payment of service charges or commission or fee to the global money transfer operators, international money transfer operators or such other persons engaged in international money transfer operations, or such other persons engaged in international money transfer or cross-border remittance for facilitating outward remittances by exchange companies licensed by State Bank of Pakistan	10%
xii.	Payments by Banking Company to a card network company or payment gateway for any other person of any transaction fee or licencing fee or service charges, or commission, or fee by whatever named called or inter- bank financial telecommunication services	10%
xiii.	Other Payments	20%
xiv.	In case of cohesive business operations as per section 2(41)(g) if allowed by Commissioner on an application by the person making the payment	1.4% (20% of 7)

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S. No.	Section 152(2A) Payment to PE of non-resident		
	Status of Taxpayer	Filer	Non-Filer
i.	Sale of goods		
	<ul style="list-style-type: none"> Company Other than Company 	5% 5.5%	10% 11%
ii.	IT services and IT enabled services as defined in section 2	4%	8%
iii.	Transport services	8%	16%
	freight forwarding services		
	air cargo services		
	manpower outsourcing services		
	hotel services		
	software development services		
	tracking services		
	advertising services (Other than by print or electronic media)		
	engineering services		
	inspection, certification, testing and training services		
	security guard services		
	oil field services		
	car rental services		
	Services rendered by Stock Exchange and Pakistan Mercantile Exchange		
iv.	Services not covered above: <ul style="list-style-type: none"> Company Other than Company 	15%	30%
v.	Execution of a contract	8%	16%
vi.	Sports Person	15%	30%

S. No.	Section 153 Goods, Services and Execution of a contract		
	Status of Taxpayer	Filer	Non-Filer
i.	Sale of rice, cotton seed oil or edible oil	1.5%	3%
ii.	Distributors of <ul style="list-style-type: none"> Cigarette Pharmaceutical products 	2.5% 1%	5% 2%
iii.	Distributors, dealers, sub-dealers, wholesalers, and retailers of Fast moving consumer goods, fertilizers, electronics excluding mobile phones, cement, steel and edible oil, if they are appearing in active taxpayers list of income tax and sales tax	0.25%	
iv.	On supplies of gold, silver, and articles thereof	1%	2%

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S. No.	Section 153 Goods, Services and Execution of a contract		
	Status of Taxpayer	Filer	Non-Filer
	Sale of any other goods in case of:	Filer	Non-Filer
v.	Company (Excluding toll manufacturing)	5%	10%
	Company (For toll manufacturing)	9%	18%
	Other taxpayer (Excluding toll manufacturing)	5.5%	11%
	Other taxpayer (For toll manufacturing)	11%	22%
vi.	Transport services	6%	12%
	freight forwarding services		
	air cargo services		
	courier services		
	manpower outsourcing services		
	hotel services		
	security guard services		
	software development services		
	tracking services		
	advertising services (Other than by print or electronic media)		
	Share registrar services		
	Engineering services		
	Warehouse 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, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited		
	Inspection, certification		
	Testing and training services		
	Oilfield services		
	Telecommunication services		
	Collateral management services		
	Travel and tour services		
	REIT management services, services rendered by National Clearing companies of Pakistan limited.		
vii.	IT services and IT enabled services as defined in section 2	4%	8%
viii.	Oil tanker contractor services	2%	4%
ix.	Other services in the case of: <ul style="list-style-type: none"> Company other taxpayers 	15%	30%
x.	Electronic and print media for advertisement service	1.5%	3%
xi.	Execution of a contract in the case of: <ul style="list-style-type: none"> Company 	7.5%	15%

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S. No.	Section 153 Goods, Services and Execution of a contract		
	Status of Taxpayer	Filer	Non-Filer
	<ul style="list-style-type: none"> Other taxpayers Sports person 	8% 15%	16% 30%
xii.	Deduction by exporter or an export house on payment for rendering of certain services	1%	2%

Section 153(2A) E-Commerce platform		
Status of Taxpayer	Filer	Non-Filer
E-Commerce sales where payment is made through digital means or banking channel	1%	2%
E-Commerce sales where payment is made through cash on delivery basis	2%	4%

Section 154 & 154A Export of Services and Goods	
Type	Tax Rates
Export of computer software or IT Services or IT enabled services persons registered with PSEB registered	0.25%
All other Cases of services rendered outside Pakistan or exported from Pakistan, certain royalties, execution of contracts or commission	1%
Export of Goods [NTR] [Sec 154]	1%

Section 155 Withholding Tax rates on rent of immovable property (Individual and AOP's)	
Rental Income (Rs.)	Tax Rates
Up to Rs. 300,000	NIL
Rs. 300,001 to Rs. 600,000	5% exceeding Rs. 300,000
Rs. 600,001 to Rs. 2,000,000	Rs. 15,000 + 10% exceeding Rs. 600,000
Above Rs. 2,000,000	Rs. 155,000 + 25% exceeding Rs. 2,000,000
For Companies	15% of Gross Rent (for inactive 30%)

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Section 156 Prizes and Winnings		
Status of Taxpayer	Filer	Non-Filer
Gross amount of prize bond winning	15%	30%
Prize bond or cross-word puzzle	15%	30%
Gross amount of Raffle, Lottery, quiz, prize on sale promotion by a company	20%	40%

Section 156A Petroleum Products		
Status of Taxpayer	Filer	Non-Filer
Commission or Discount allowed to petrol pump operator	12%	24%

Section 231 AB Cash Withdrawals		
Status of Taxpayer	Filer	Non-Filer
Cash withdrawal of more than Rs. 50,000 per day on aggregate basis	0%	0.8%

Section 231B Advance Tax on Motor Vehicles		
At the time of Registration of a motor vehicle	Rate	
Up to 850cc	0.5% of the value	
851cc to 1,000cc	1% of the value	
1,001cc to 1,300cc	1.5% of the value	
1,301cc to 1,600cc	2% of the value	
1,601cc to 1,800cc	3% of the value	
1,801cc to 2,000cc	5% of the value	
2,001cc to 2,500cc	7% of the value	
2,501cc to 3,000cc	9% of the value	
Above 3,000cc	12% of the value	
Electric vehicle where engine capacity is not applicable:	Filer	Non-Filer
Electric vehicle where engine capacity is not applicable, and vehicle value is more than Rs.5 million	3% of import value as increased by ST, CD, FED ,or invoice value (locally manufactured)	9% of import value as increased by ST, CD, FED ,or invoice value (locally manufactured)

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At the time of leasing of a motor vehicle to a person not appearing in active taxpayers list 4% tax rate is applied.

At the time of transfer of registration or ownership of a motor vehicle:	Rate
Up to 850CC	0
851 < 1,000CC	PKR 5,000
1,001 < 1,300	PKR 7,500
1,301 < 1,600	PKR 12,500
1,601 < 1,800	PKR 18,750
1,801 < 2,000	PKR 25,000
2,001 < 2,500	PKR 37,500
2,501 < 3,000	PKR 50,000
Above 3,000CC	PKR 62,500

Provided that in cases where the engine capacity is not applicable, and the value of vehicle is Rs. 5.00 million or more, the rate of tax shall be Rs. 20,000

Provided further that the rate of tax to be collected under this clause shall be reduced by ten percent each year from the date of first registration in Pakistan

Provided that tax required to be collected shall be increased by 200% for persons not appearing in active taxpayers list

Transfer of Motor Vehicles prior to registration	Filer	Non-Filer
Up to 1,000cc	Rs. 100,000	Rs. 300,000
1,001cc to 2,000cc	Rs. 200,000	Rs. 600,000
2,001cc and above	Rs. 400,000	Rs. 1200,000

Section 231C | Foreign Domestic Workers

	Filer	Non-Filer
On issuance or renewal of visa to foreign national as domestic worker	Rs. 200,000	Rs. 400,000

Section 233 | Brokerage and Commission

	Filer	Non-Filer
Advertising Agents	10%	20%
Life Insurance Agents receiving less than Rs. 500,000 per annum	8%	16%
Others	12%	24%

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Section 234 Tax on Motor Vehicles	
Registered laden weight / Seating capacity / Engine capacity and life of vehicle used	Annual / Lump Sum
On Engine Capacity or Lump Sum:	Engine capacity / Lump Sum
Up to 1,000CC	800 / 10,000
1,001 < 1,199	1500/18000
1,200 < 1,299	1,750 / 20,000
1,300 < 1,499	2,500 / 30,000
1,500 < 1,599	3,750 / 45,000
1,600 < 1,999	4,500 / 60,000
Above 2,000CC	10,000 / 120,000

Section 235 Electricity Consumption	
Up to Rs. 500	Rs. 0
Exceeds Rs. 500 but does not exceed Rs. 20,000	10% of amount
Exceeds Rs. 20,000	Rs. 1,950 + 12% of the amount exceeding Rs. 20,000 for commercial customers. Rs. 1,950 + 5% of amount exceeding Rs. 20,000 for industrial customers
Domestic consumers, if not included in active taxpayers list	7.5% if the monthly bill exceeds Rs. 25,000

Section 236 Telephone and Internet	
In the case of a telephone subscriber (other than mobile phone subscriber) where the amount of monthly bill exceeds Rs. 1,000	10%
In the case of subscriber of internet, mobile telephone and pre-paid internet or telephone card	15% of the amount of bill or sales price of internet pre-paid card or prepaid telephone card or sale of units through any electronic medium or whatever form
In the case of persons mentioned in income tax general order issued under section 114B, the rate of collection of tax shall be 75% of the amount of bill or sale price of internet pre-paid card or prepaid telephone card or sale of units to any electronic medium or whatever form.	

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Section 236A Sale by Public Auction		
	Filer	Non-Filer
Sale of goods of property other than immovable property	10% of Gross Sale Price	20% of Gross Sale Price
Immovable property by auction and sale by auction of train management services by Pakistan Railways	5% of Gross Sale Prices	10% of Gross Sale Prices
Lease of right to collect toll	10% of Gross Sale Prices	20% of Gross Sale Prices

Section 236C Transfer of Immovable Property			
	Filer	Late-Filer	Non-Filer
Where gross consideration does not exceed Rs. 50 million	4.5%	7.5%	11.5%
Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs 100 million	5%	8.5%	
Where gross consideration received exceeds Rs. 100 m	5.5%	9.5%	

Section 236 CA Foreign TV Serials and Advertisement		
	Filer	Non-Filer
Foreign produced TV Drama Serial or Play	Rs. 1,000,000 per Episode	Rs. 2,000,000 per Episode
Foreign produced TV Play Single Episode	Rs. 3,000,000	Rs. 6,000,000
Advertisement Starring Foreign actor	Rs. 100,000 per second	Rs. 200,000 per second

Section 236CB Functions and Gatherings	
	Rate
Functions and gatherings	10%

Section 236G Advance Tax on Sale to distributor, dealer and wholesaler		
	Filer	Non-Filer
Fertilizers	0.7%	1.4%
Other than Fertilizers	0.1%	2%

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Section 236H | Advance tax on sales to wholesalers and retailers

	Filer	Non-Filer
Advance tax on sales of specified goods to wholesalers	0.5%	1%
In case of sales of specified goods to retailers	0.5%	2.5%

Section 236K | Advance tax on purchase of immovable property

	Filer	Late-Filer	Non-Filer
Where gross consideration does not exceed Rs. 50 million	1.5%	4.5%	10.5%
Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs 100 million	2%	5.5%	14.5%
Where gross consideration received exceeds Rs. 100 million	2.5%	6.5%	18.5%

Section 236Y | Amount Remitted Abroad through Credit, Debit, or Prepaid Card

	Filer	Non-Filer
Advance tax on amount remitted via credit, debit or prepaid cards	5%	10%

Section 236Z | Value of bonus shares Issued

	Filer	Non-Filer
Every company, issuing bonus shares to the shareholders of the company	10% of bonus shares issued	20% of bonus shares issued

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SALES TAX

1. Extension Regarding Electronic Integration of Registered Persons

The FBR has further extended the deadline for registered persons to integrate with the FBR's computerized system through licensed integrators or PRAL to the following dates:

- Corporate registered persons on the **First day of July 2025**
- Non-Corporate registered persons on the **First day of August 2025**

For Details: [F. No. 1\(141\) ST-L&P/2025/77394-R dated 20.06.2025](#)

2. Revises Minimum Retail Price of Cement: S.R.O 1126(1)/2025

The FBR has issued S.R.O. 1126(I)/2025, superseding the earlier S.R.O. 746(I)/2025 dated 29th April 2025, to revise the method for determining cement's minimum retail price (MRP) for sales tax purposes. The monthly MRP will be calculated as the average of:

- Cement prices in Karachi, Lahore, Faisalabad, and Peshawar
- Cement prices in Rawalpindi and Islamabad

All prices are based on the latest data published by the Pakistan Bureau of Statistics (PBS) from the preceding month reduced by Rs. 25.

This revised pricing mechanism applies to sales tax charged under section 3(2)(a) of the Act.

For Details: [S.R.O 1126\(1\)/2025 dated 27.06.2025](#)

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CUSTOMS

1. New Customs Command Fund (CCF) Rules, 2025, S.R.O 1048(1)/2025

The FBR has finalized the draft amendments to the CCF Rules published via S.R.O 908(1)/2025, marking a significant step in strengthening anti-smuggling enforcement.

a. Short title, commencement and application

The Customs Command Fund (CCF) Rules, 2025, shall come into force immediately. These rules regulate expenditures from the CCF, which is maintained at the office of the Chief Collector of Customs (Enforcement) and the Collectorates of Customs Enforcement.

b. Definitions

- "Act" means the Customs Act 1960 (IV of 1969).
- "Board" means Federal Board of Revenue, Islamabad.
- "Cash Disbursement Record (CDR)" means record maintained by the Special Disbursing Officer (SDO) as herein defined showing receipt, disbursement and balance of funds.
- "Committee" means the Committees established under rules 7 and 3 to supervise and oversee CCF disbursement at Chief Collector and Collectorate levels.
- "Customs Command Fund" means Fund established at Customs Enforcement offices to reinforce operational capacity, support operations, and enhance intelligence gathering for counter-smuggling activities.
- Emergency means Serious situations (accidents, disasters) requiring immediate action to prevent hindrance to anti-smuggling operations
- Head of formation means The Collector of the Customs Enforcement Collectorate.
- Source of Command Fund means 20% share of auction proceeds from Customs Enforcement Collectorates plus additional federal allocations.
- Special Disbursing Officer (SDO) means an officer of Assistant Collector rank or above, notified by the head of formation.
- Other terms will have same meanings as defined in the Customs Act or Customs Reward Rules, 2012.

c. CCF Committee:

There shall be a CCF consist of the following:

- Collector, Chairman
- Additional Collector, Member
- Assistant / Deputy Collector (Headquarters), Member
- Nominee of officers/officials of BPS-16, Member

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d. Expenditure from CCF:

The CCF Committee may authorize expenditure for informer payments (not exceeding Rs. 500,000 per case) for critical information in anti-smuggling operations, logistic costs beyond the allocated budget related to transportation, storage, inventory, or destruction of smuggled goods, procurement of supplies, rations, utilities, safety gear, and equipment essential for the wellbeing and safety of customs staff deployed at enforcement points; and special rewards for officers or officials who demonstrate extraordinary efforts in tracing, interdiction, seizure, investigation, and prosecution of smuggling cases. In such cases the rewards shall not exceed two years basic salary.

e. Amount of Disbursement:

CCF funds are allocated with specific caps: logistic charges (35%), hard area supplies (25%), and information gathering and special rewards (20% each). The Central CCF Committee can authorize up to 10% flexibility between categories during emergencies.

f. Confidentiality and procedure regarding informers:

Following procedure shall be followed to for maintaining integrity of information and confidentiality of informer:

- Each informer is assigned a unique code, and records should mention the officer through whom the information was obtained. Seizure reports will only mention the informer code. Any advance payment to informers must be properly recorded.
- The officer receiving the information must issue a certificate confirming the payment, specifying the amount (in words and digits) and the seizure case number.
- The Confidential Disbursement Register (CDR) for informer payments must be maintained separately from other expenses.

g. Central CFF Committee:

- There shall be a 5-member committee headed by Chief Collector (Enforcement), including Collector (HQs), one Enforcement Collector, and two BS-18+ officers nominated by the Chief Collector.
- Chief Collector distributes payments to Enforcement Collectorates based on auction proceeds, sanctioned strength, and strategic importance. Additional fund requests with justification can be submitted to CCCF for approval.

h. General Guidelines: The following general guidelines shall be followed while disbursing expenditure from the CCF:

- All disbursements require Special Disbursing Officer (SDO) signed documentary evidence.
- Expense statements must be submitted to CCCF by the 5th of each month.
- No salaries, wages, overtime, or new construction; only repairs of existing structures allowed.
- CCCFC may issue additional guidelines as needed.
- Formation head and SDO are liable for fund misuse.

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i. Periodic review of CCF and other allied matters:

Chief Collector of Customs (Enforcement) shall conduct yearly CCF reviews and may seek suggestions from all Enforcement formations for operational improvements.

j. Audit:

Auditor General of Pakistan audits each Enforcement Collectorate's CCF yearly while protecting informer identities. Audit reports shall go to CCCF Committee, and Chief Collector shall ensure corrective actions are implemented.

k. Review and Decisions:

Any grievances regarding rule implementation shall follow the procedure outlined in Customs Reward Rules, 2012 mutatis mutandis.

For Details: [S.R.O 1048\(1\)/2025 dated 09.06.2025](#)

2. Amendment in Customs Rules, 2001: S.R.O 1127(1)/2025

The FBR has finalized the draft amendments to the Chapter XXI of the Customs Rules 2001, previously published via S.R.O 1062(1)/2025 dated 17th June 2025, as follows:

a. Amendments to Rule 473(3)

- Replace "twenty-five" with "ten", and
- Replace "ten" with "five".

b. Amendments to Rule 475(3)

- Replace "twenty-five" with "ten", and
- Replace "ten" with "five".

c. Amendments to Rule 484E (1)

- Replace "twenty-five" with "ten", and
- Replace "ten" with "five".

For Details: [S.R.O 1127\(1\)/2025 dated 30.06.2025](#)

3. Additional Customs Duty Revised on Imports: S.R.O 1151(1)/2025

The FBR through S.R.O. 1151(I)/2025 dated 30th June 2025, has superseded S.R.O. 929(I)/2024 to notify revised Additional Customs Duty (ACD) rates on imports, effective from 1st July 2025.

Key highlights are:

a. 2% ACD

- Goods falling under the 15% customs duty slab
- Goods imported under S.R.O. 655(I)/2006 and 656(I)/2006
- Specific PCT codes (mainly textiles and raw materials)
- 4% on goods under the 20% customs duty slab

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- 6% on goods under 30% or higher slabs, including specific rate slabs, except certain edible oils/seeds, and CKD vehicles exceeding 1,000cc and heavy commercial CKD vehicles (charged at 2%)

b. Exemption from ADC

- Plant & machinery classified under Chapters 84 and 85 of the Customs Act, when imported for use in manufacturing or production.
- Goods imported under Chapter 99 of the First Schedule.
- Imports under the Fifth Schedule to the Customs Act, excluding the following:
 - Serial numbers 30, 33, and 35 of the Table of Part I
 - Serial numbers 102, 110, 111, 116 (except xvi), 117, and 118 of Part III
- Imports under Baggage Rules, 2006.
- Imports allowed under S.R.O. 577(I)/2005, 565(I)/2006, and 693(I)/2006.
- Goods imported under the Temporary Importation Scheme (S.R.O. 492(I)/2009).
- Equipment imported by offshore exploration and production (E&P) companies under S.R.O. 678(I)/2004.
- CKD vehicles up to 1,000cc and CBU vehicles up to 850cc.
- Specific PCT codes for motorcycles and vehicles: 8703.8030, 8711.6040, 8711.6060.

For Details: [S.R.O 1151\(1\)/2025 dated 30.06.2025](#)

4. Imposition of Regulatory Duties: S.R.O 1152(1)/2025

The FBR, through SRO 1152(I)/2025, has imposed a regulatory duty on the import of specified goods listed in the notification. This SRO supersedes the earlier SRO 528(I)/2024 and introduces revised duty rates applicable to goods falling under the specified PCT codes.

The affected items span across a wide range of categories, including but not limited to:

- Food & Agricultural Products
- Home Appliances
- Textiles & Garments
- Livestock & Seafood
- Consumer Electronics
- Automotive Parts
- Decorative & Household Items

For the complete list of affected items and applicable rates, please refer to the official SRO.

For Details: [S.R.O 1152\(1\)/2025 dated 30.06.2025](#)

5. Additional Customs Duty Revised on Imports: S.R.O 1156(1)/2025

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The FBR through S.R.O 1156(1)/2025 has made following further amendments to the S.R.O 1637(1)/2024 dated 18th October 2024:

a. Clause Amendments in Table-II, Column (I):

i. Serial No. 2, 3, 4, 6, 7, 8, 9, 10,11

In column 3, clause (ii) has been substituted with "Information-based checking of customs cleared cargo anywhere, including blocking within airport or dry port areas."

ii. Serial No. 9, column 3, clause (x)

Full stop has been replaced with "; and". Additionally, a new clause (xi) has been included "Monitoring and blocking of customs cleared cargo anywhere, including in Gilgit-Baltistan. "

iii. Serial No. 10, column 3, clause (vii)

"and" at the end has been removed.

iv. Serial No. 10, column 3, clause (viii)

Full stop has been replaced with "; and". Additionally, a new clause (ix) has been included "Anti-smuggling and all preventive functions in Gilgit-Baltistan."

v. Serial No. 11, column 3, Rider Clause

After "River Indus", "and River Hub" has been added.

vi. Serial No. 21, column 3, Clause (viii), (ix)

In clause (viii) the word "and" occurring at the end has been removed. In clause (ix) "; and" has been added in place of full stop, and a new clause (x) has been added "All matters relating to Central Examination Unit (CEU)."

vii. Serial No. 23, column 3, Clause (v), (vi)

In clause (vi) the word "and" occurring at the end has been removed. In clause (vi) "; and" has been added in place of full stop, and a new clause (vii) has been added "All matters relating to Central Appraising Unit (CAU) of Faceless Customs Assessment."

viii. Serial No. 33, column 3, Clause (x)

"; and" has been replace with colon,

b. New Proviso after Table-II:

"Provided that the Board may re-assign functions relating to assessment and examination of import and export goods assigned to any organization in column (3) of Table-II, to the CAU of Faceless Customs Assessment and CEU established by the Board in terms of sub-section (6) of section 80 of the Customs Act, 1969 (IV of 1969); and."

For Details: [S.R.O 1156\(1\)/2025 dated 30.06.2025](#)

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About Us

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