

### Feature News

Individually, we are one drop. Together, we are an ocean. **Ryunosuke Satoro**

## National Budget Conference 2023-24

ICMA organized the National Budget Conference 2023-24 at Serena Hotel, Islamabad on the day following the Budget speech by Finance Minister Mr. Ishaq Dar on June 9, 2024, in Parliament.

Mr. Shehzad Ahmed Malik, President of ICMA, welcomed the participants and highlighted key points from the National Budget 2023-24. He commended the proposed measures in the budget and congratulated the Finance Minister and his team for presenting a reasonable budget during these challenging times.



### Message from the desk of President

I am pleased to present the Monthly Technical Updates for the months of June 2023, highlighting news from economy, Corporate Sector, Taxation; updates from the stock market and foreign exchange; and a glimpse of TSPD activities held during these months, especially the National Budget Conference, which was held on the very next day to the Budget Speech.

Worthy members are requested to share their valuable suggestions at [tspd@icmap.com.pk](mailto:tspd@icmap.com.pk) for further improvement in the document and identify topics of technical interest. I appreciate and look forward to receive your inputs and comments for the uplift of practicing profession.

**Shehzad Ahmed Malik, FCMA**  
President ICMA

### INSIDE

- ✓ Committee Activities
- ✓ PSX KSE-100 Index Fluctuations
- ✓ Rupee-Dollar Parity
- ✓ Corporate Updates
- ✓ Taxation Updates
- ✓ Monetary Updates
- ✓ International Updates
- ✓ Tax Rate Card FY 2023-24

Committee Activities

National Budget Conference 2023-24



# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

### National Budget Conference 2023-24



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### President ICMA graced the Post-Budget Seminar at Faisalabad with his Presence

Mr. Shehzad Ahmed Malik, President ICMA graced the Post-Budget Seminar 2023-24 organized by the Faisalabad Branch Council (FBC) on 16<sup>th</sup> June 2023 as Guest of Honour. Mr. Zia Ul Mustafa Awan, Chairman Strategic Board ICMA and Syeda Huma Batool, Chairperson Alvir Airways & MD Vantage Laboratories Pvt. Ltd. were also amongst the Guests of Honour. Mr. Shehzad Ahmed Malik, President ICMA welcomed the Guests and the audience in his address.

The distinguished speakers of the Seminar were Mr. Nadeem Butt, Fellow Member, Lahore Tax Bar Association, and Mr. Shahid Irshad, FCMA and PhD Scholar. Mr. Awais Yasin, Honorary Treasurer ICMA, and Chairman National CPD Committee delivered the vote of thanks at the conclusion of the seminar.



# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

### Live Analysis on Federal Budget 2023-24 right after the Budget Speech

TSPD Committee & CPD Committee of ICMA organized a Webinar immediately following the budget announcement on 9<sup>th</sup> June 2023. The Webinar focused on the analysis of key areas of the Federal Budget 2023-24 and Finance Bill 2023. The expert panelists in this live session provided a thorough and comprehensive analysis of the budget. Mr. Shehzad Ahmed Malik, President ICMA, was the esteemed Guest of Honor at the session, while Mr. Ather Saleem, Vice President ICMA, skillfully moderated the session.

The expert panelists comprised Mr. Awais Yasin, Honorary Treasurer of ICMA; Mr. Abdul Razzak, FCMA; Mr. Shahid Irshad Qazi, FCMA; Mr. Muhammad Yasin, FCMA; Mr. Asif Naz, FCMA; Mr. Azeem Hussain Siddiqui, FCMA; and Mr. Mazhar Saleem Shah, FCMA. Their profound expertise contributed to a comprehensive analysis of the budget during the Webinar.



### Live Broadcast of Budget Speech on ICMA World Channel

In a first-time initiative, ICMA arranged a live broadcast of the Budget Speech on ICMA World Channel on 9<sup>th</sup> July 2023 exclusively for the convenience of its members. The broadcast featured real-time display of the key highlights of the budget as announced by the Finance Minister, Mr. Ishaq Dar. It also provided useful statistics and economic indicators taken from the Pakistan Economic Survey 2023, which had been released a day prior to the budget

**ICMA World**  
An Online Business Channel

**Watch Live**  
**Budget Speech with ICMA**

**ICMA INTERNATIONAL**  
lead strategically

**Significant Features of the Economic Survey of Pakistan**

**AT A GLANCE**

- The investment-to-GDP ratio stood at 13.6% in FY23 compared to 15.6% in FY22.
- Growth of the agriculture sector estimated at 1.55% in FY23.
- The industrial sector posted a negative growth of 2.94% in FY23.
- The services sector witnessed meager growth of 0.86%.

**Live Broadcast on Budget Speech 2023-24**

**ICMA International**

announcement.

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### One Year Training Program

In order to meet the requirement of market & employers, the Institute launched, long awaited, "One Year Training Programme" w.e.f. 10<sup>th</sup> April, 2023 . Both theoretical and practical knowledge is necessary to acquire the qualities and intellectual skills of profession. Keeping in view the interest of CMAs in practicing field, ICMA international introduced a one-year training program for the Students.

The purpose of the training program is to give the opportunity to the CMAs to work in diversified fields in different Organizations, Industries and practicing firms & get a chance to understand their businesses and get practical knowledge of different fields under the supervision of professionals. Joining the practicing firms will provide a career ladder for those self-reliant CMAs who want to become entrepreneur.

The salient features of the program are:

In case of joining the practicing firms the students will get:

- 50% coaching fee for six subjects in a year & will be paid by the Institute and 50% will be paid by the practicing firms as per agreement
- Practicing Firms will be allowed to hire up to 03 students/interns maximum for a period of one year as per agreement
- There will be a Tri Agreement between Institute, Student and Organization for One Year Training Program
- Partly qualified students, preferably Affiliate Financial Accountants would be preferred to join CMA practicing firms
- "One-Year Practical Training" shall be considered towards the requirement of membership (Reference Section 4(1)(b) of CMA Act, 1966)

For further query/ clarifications, please contact the respective Campus Incharges who are the focal persons of the said program.



# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

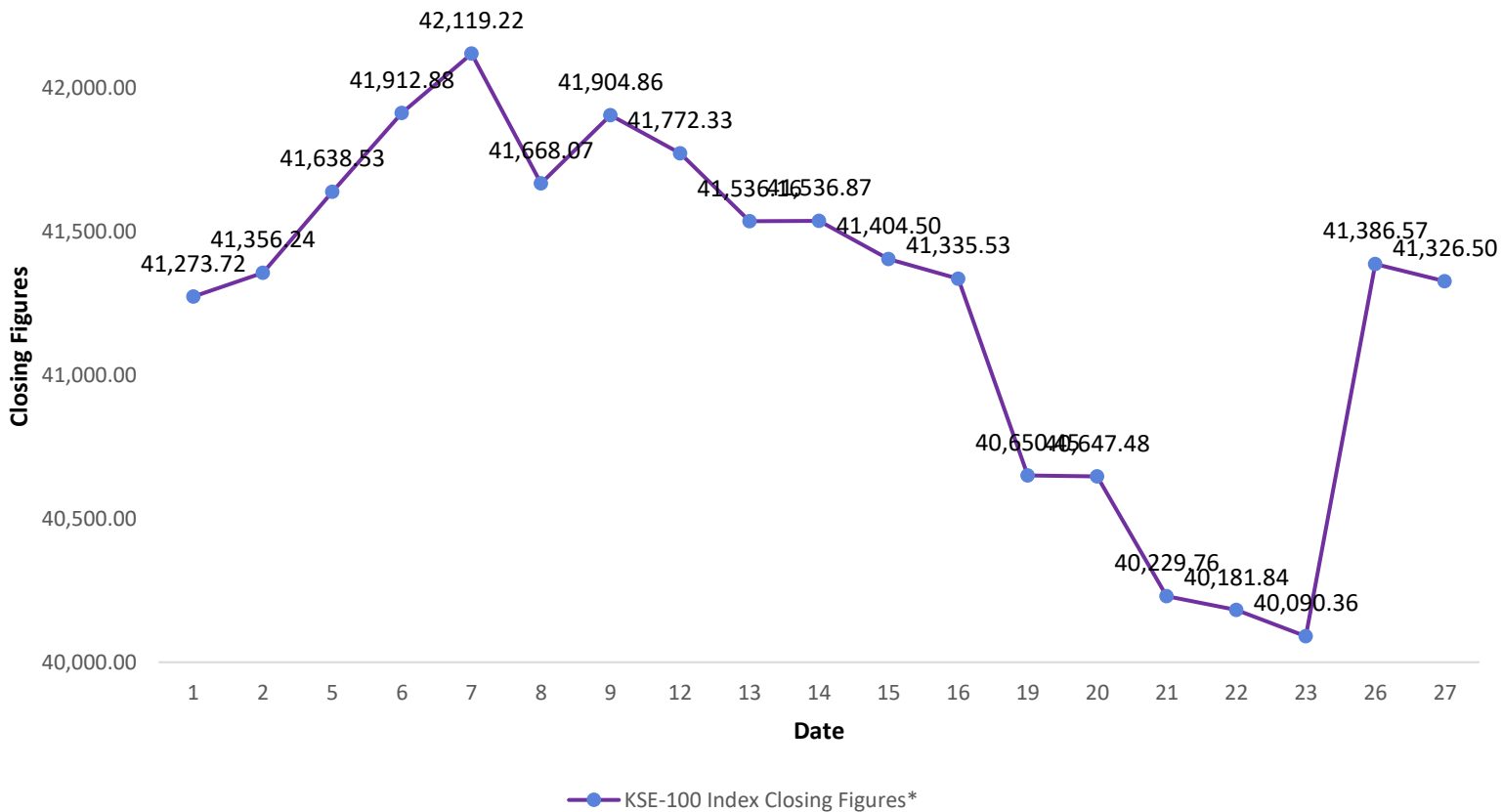
### Pakistan Stock Market

#### Pakistan Stock Market - KSE-100 Index Fluctuations during June 2023

Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*
1	41,273.72	9	41,904.86	19	40,650.45
2	41,356.24	12	41,772.33	20	40,647.48
5	41,638.53	13	41,536.16	21	40,229.76
6	41,912.88	14	41,536.87	22	40,181.84
7	42,119.22	15	41,404.50	23	40,090.36
8	41,668.07	16	41,335.53	26	41,386.57
				27	41,326.50

\*As published in Daily Dawn

#### KSE-100 INDEX CLOSING FIGURES



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# MONTHLY TECHNICAL UPDATES

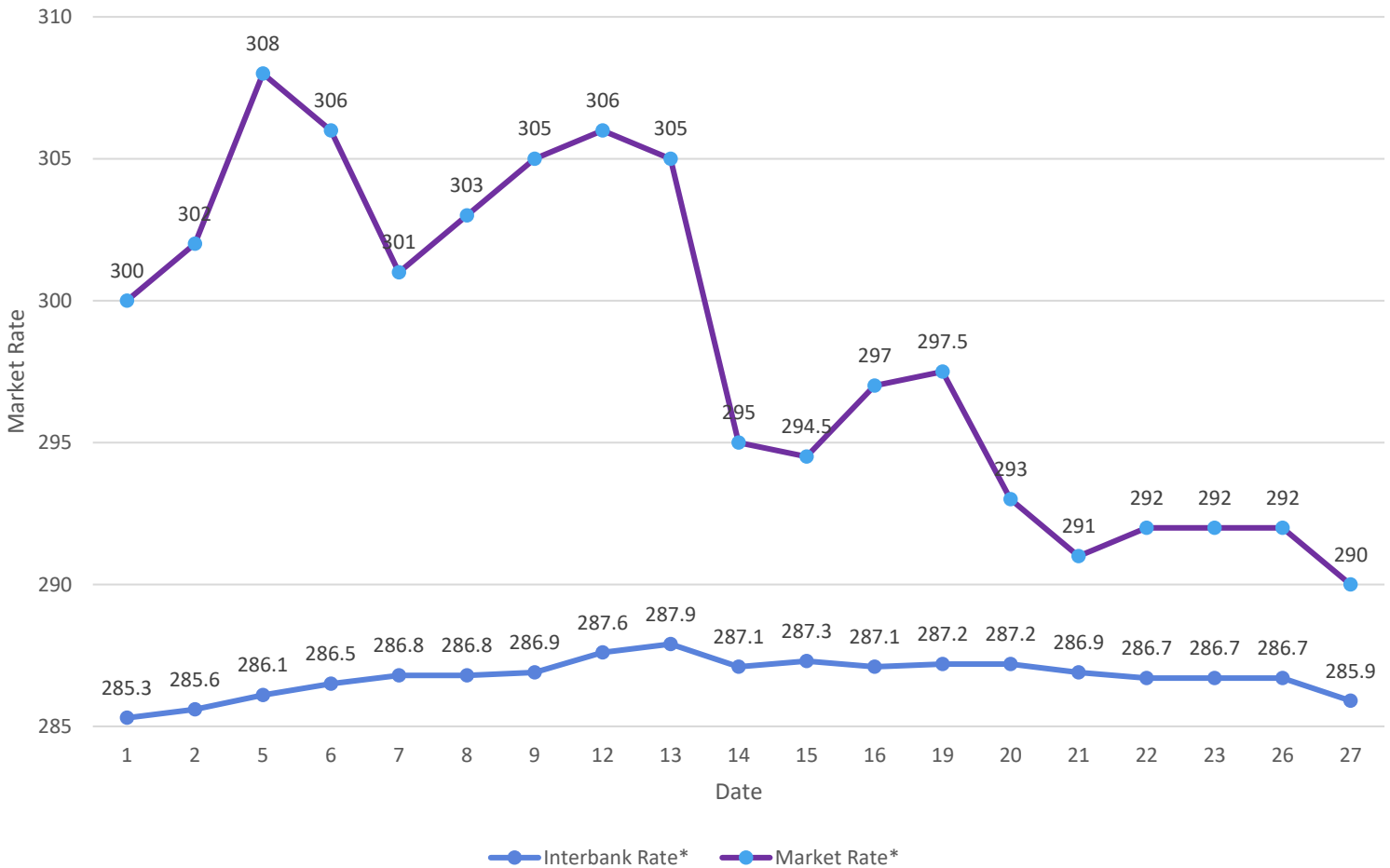
## ON ACCOUNTING, TAXATION & LAWS

### Rupee-Dollar Parity

Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*
1	285.3	300.0	9	286.9	305.0	19	287.2	297.5
2	285.6	302.0	12	287.6	306.0	20	287.2	293.0
5	286.1	308.0	13	287.9	305.0	21	286.9	291.0
6	286.5	306.0	14	287.1	295.0	22	286.7	292.0
7	286.8	301.0	15	287.3	294.5	23	286.7	292.0
8	286.8	303.0	16	287.1	297.0	26	286.7	292.0
						27	285.9	290.0

\*forex.pk

#### Rupee-Dollar Parity During June 2023



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### Corporate Updates

#### 1. SECP PROPOSES AMENDMENTS TO ANTI-MONEY LAUNDERING REGULATIONS

Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 739(I)/2023 proposed amendments to the Anti Money Laundering and Countering Financing of Terrorism Regulations, 2020.

The amendments are aimed to enhance the scope of AML/CFT Regulations to effectively combat proliferation financing and strengthen country's financial integrity framework.

As per the draft amendments, the regulations shall now be titled as "Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF)) Regulations, 2020. It is proposed to reduce the existing limit of five years to three years for any account to be considered inactive.

The definitions of Designated Person and Proscribed Person are proposed to be inserted in the Regulations as under:

- "Designated Person (DP)" means an individual or entity designated under UNSC Act, 1948
- "Proscribed Person" means an individual or entity proscribed under the Anti-Terrorism Act, 1997

Moreover, the regulated person shall now be defined as "financial institution as defined under section (xiv) of AML Act licensed/ authorized and regulated by the SECP under the administered legislation;"

SECP has also proposed to insert provisions to the Regulations related to reliance on third parties for CDD and requirements applicable to foreign branches and subsidiaries of regulated persons, in order to enhance the effectiveness of the Regulations.

Under the new regulations, the regulated person shall ensure that their foreign branches and majority-owned subsidiaries in countries which do not sufficiently apply the FATF Recommendations, apply AML & CFT measures consistent with Pakistan's AML/CFT requirements, to the extent that host country laws and regulations permit.

If the foreign country does not permit the proper implementation of AML/CFT measures consistent with that of Pakistan requirements, financial groups should apply appropriate additional measures to manage the risks, and inform the Commission when a foreign branch or subsidiary is unable to observe appropriate AML/CFT measures.

For further details, please visit the following link:

<https://www.secp.gov.pk/document/notification-for-draft-amendments-in-aml-cft-regulations-2020/?wpdmdl=48166>

#### 2. SBP REGULATIONS FOR ELECTRONIC MONEY INSTITUTIONS

State Bank of Pakistan (SBP) vide their PSPOD Circular No 03 of 2023 dated June 21, 2023 issued revised regulations for electronic money institutions (EMIs) in order to enhance financial inclusion and encourage innovation in the payments sector.

The updated regulations now allow EMIs to offer their customers, including minors and freelancers, increased monthly wallet limits along with offering new payment services such as Payments Aggregation, Bill/Invoice Aggregation, Payment Initiation, Account Information, Escrow Services for domestic e-commerce transactions, Services via APIs to financial institutions (FIs), Fintechs and Third-Party Service Provider (TPSPs) and Inward cross border remittances to their customers.

There has been increasing interest by local and foreign fintech companies to work as an EMI in Pakistan since the issuance of earlier EMI Regulations in 2019 and the central bank has given approval to four EMIs to launch commercial operation to date while six EMIs were at different licensing stages.

These Regulations shall come into force with immediate effect. However, the existing EMIs providing e-money services are advised to streamline their existing operations/processes, where applicable as per the revised Regulations, and submit compliance report of the same to SBP latest by September 30, 2023.

For further details, please visit the following link:

<https://www.sbp.org.pk/psd/2023/C3.htm>

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### Taxation Updates

#### **3. S.R.O. 640(I)/2023 REGARDING RULE 13N, RULE 19H OF INCOME TAX RULES, 2002- LISTED COMPANIES SHARES TRANSACTIONS AS RECORDED IN NCCPL SYSTEM: PROCEDURE OF CAPITAL GAIN ON DISPOSAL OF SECURITIES**

Federal Board of Revenue (FBR) vide their SRO 640(I)/2023 dated May 31, 2023 proposed that the procedure of capital gain on disposal of securities will remain applicable on transactions of shares of listed companies as recorded in the system of the National Clearing Company of Pakistan Limited (NCCPL).

According to the draft SRO, the FBR proposes to clarify that the provisions of section 37A of the Income Tax Ordinance 2001 shall remain applicable on transactions of shares of listed companies as recorded in the system of the NCCPL and reported in accordance with Eighth Schedule of the Income Tax Ordinance, 2001.

Under the draft rules, section 37A (Capital gain on disposal of securities) shall not apply to the disposal of shares of listed companies otherwise than through registered stock exchange and which are not settled through NCCPL. For the purposes of second proviso to sub-section (1) of section 37A, "shares of a listed company" shall not include units of a mutual fund or collective investment scheme or a REIT scheme or derivative products and provisions of section 37A shall remain applicable on disposal of such units, schemes or products.

Moreover, the draft also states that the State Bank of Pakistan shall not allow transfer or registration of repatriable shares unless prescribed certificate from the Commissioner, to the effect that the tax liability under sub-sections (6) to (10) of section 37 is discharged, is provided by the person selling the shares.

For further details, please visit the following link:

<https://download1.fbr.gov.pk/SROs/20235311751112159DraftSRO640.pdf>

#### **4. AMENDMENTS TO THE INLAND REVENUE REWARD RULES, 2021**

Federal Board of Revenue (FBR) vide their S.R.O. 687(I)1 2023 dated June 14, 2023 made amendments to the Inland Revenue Reward Rules, 2021.

As per the notification, the FBR has introduced the term "extraordinary performance" for the purpose of cash rewards to the IR officials under which the FBR will give cash rewards to the Inland Revenue officials who show "extraordinary performance" in a wide range of areas including completion of activity-oriented tasks.

Under the revised rules, the term "Extraordinary Performance" means a duly notified activity-oriented task assigned to and performed by an officer or a staff or a group of officers or staff up to an exhibited degree of excellence and within the timelines prescribed and pre-notified for the purpose or any performance as is approved by the Chairman FBR including assessment or successful prosecution.

FBR will contribute to Inland Revenue Common Pool Fund-2023 from the rewards sanctioned to the Inland Revenue officials on achievement of targets, detection of tax evasion and showing extraordinary performance in making assessments or successful prosecutions in courts.

The FBR has also made eligible officials of the Directorate General Anti-Benami Initiative and Benami Zones to claim IR rewards on cases made under the Anti-Money Laundering Act, 2010, and Benami Transaction (Prohibition) Act, 2017.

According to the new rules, a new rule, i.e., Contribution to Inland Revenue Common Pool Fund 2023 has been issued. An amount equal to 5 percent of the rewards sanction under Rule 5 in respect of officers in BS-17 & above and 2.5 percent of the rewards sanction under Rule 5 in respect of officials in BS-16 & below shall simultaneously be processed, approved, and deposited in the Inland Revenue Common Pool Fund-2023.

For further details, please visit the following link:

[https://download1.fbr.gov.pk/SROs/20236141561821804SRO687\(I\)2023dated14.6.2023.pdf](https://download1.fbr.gov.pk/SROs/20236141561821804SRO687(I)2023dated14.6.2023.pdf)

# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

### 5. FORMATION OF ANOMALY COMMITTEES

Federal Board of Revenue (FBR) vide their notifications dated June 13, 2023 constituted two anomaly committees i.e. Anomaly Committee-Business and Anomaly Committee-Technical.

The objective of constituting these committees is to identify and remove the business and technical related anomalies identified in the Finance Bill 2023 and present recommendations to FBR for removal of the same. The Anomaly Committee-Business will be headed by Dr Khurram Tariq, President Faisalabad Chamber of Commerce & Industry, while co-chairpersons will be Ms Suraiya Ahmed Butt, Member Customs Policy FBR, and Afaque Ahmad Qureshi, Member IR-Policy FBR. The Anomaly Committee-Technical will be chaired by Ashfaq Yousaf Tola, Chairman Reforms and Resource Mobilization Commission, while Member Customs Policy and Member IR-Policy FBR will be co-chairpersons. Mr. Shehzad Ahmed Malik, President ICMA is also appointed as a member of Anomaly Committee-Technical. Other members include prominent businessmen from different chambers of commerce and trade bodies. Both the Committees are required to submit their suggestions by June 19, 2023.

For further details, please visit the following link:

<https://download1.fbr.gov.pk/Docs/20236131863837469AnomalyCommittee-Technical13.6.23.pdf>

<https://download1.fbr.gov.pk/Docs/20236131863633669AnomalyCommittee-Business13.6.23.pdf>

### 6. DRAFT INCOME TAX RETURNS FOR INDIVIDUALS AND COMPANIES

Federal Board of Revenue (FBR) vide their S.R.O. 745(I)/2023 and S.R.O. 746(I)/2023 dated June 19, 2023 notified draft Income Tax Returns for Individuals and Companies for the tax year 2023.

FBR made draft amendments in the Income Tax Rules, 2002, by inserting new Part-II-X and Part-II-Y in the Second Schedule of the aforementioned rules.

Under the S.R.O. 745(I)/2023, draft Income Tax Returns is notified for individuals deriving income under any head other than salary/business. The draft return also includes draft of the manual wealth statement to be filed under section 116 of the ITO 2001; amount exempt from tax/subject to fixed/final tax and an amount subject to normal tax; return of total income/statement of final taxation (IT-2); adjustable tax collected/deducted (annex-A); manufacturing/trading/profit and loss account (annex-B); inadmissible/admissible deductions (annex-C); initial allowance/amortization (annex-D) and personal expenses (Annex-F).

Draft Income Tax Returns can be accessed through the following link:

For Individuals: <https://download1.fbr.gov.pk/SROs/20236192061647326sro745-2023.pdf>

For Companies: <https://download1.fbr.gov.pk/SROs/20236192065522946SRO-746.pdf>

### 7. SPECIAL TECHNOLOGY ZONES RULES - ADDITION OF NEW SUB-CHAPTER 5 IN CHAPTER XXXIV OF THE CUSTOMS RULES, 2001

FBR vide their S.R.O. 744(I)/2023 dated June 19, 2023 notified Special Technology Zones Rules, draft of which was earlier circulated through S.R.O. 744(I)/2023 dated May 9, 2023 by the FBR.

As per the notification, a new sub-chapter 5 is inserted in Chapter XXXIX of the Customs Rules, 2001 under which the goods imported for the Special Technology Zones (STZs) have to be retained for a period of at least 10 years and cannot be sold without prior approval of the FBR.

Under the FBR's conditions on the STZs, the tax benefits shall be provided only if import thereof is made for a period of 10 years commencing from the date of signing of the development agreement or issuance of license, as the case may be, for consumption within zones by the eligible importers under these Rules. The goods on which duty/tax exemption has been availed shall be solely used within the limits of a Special Technology Zone and shall not be disposed of except with the prior approval of the FBR. No exemption shall be allowed to an enterprise which does not hold a valid license issued by the developer of a Special Technology Zone and which is not registered under the Customs Computerised System through a unique user ID.

For further details, please visit the following link:

<https://download1.fbr.gov.pk/SROs/202362086322787SRO744-2023.pdf>

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# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

### 8. FOREIGN INCOME AND ASSETS FOR RESIDENCE INDIVIDUALS UNDER SECTION 116A(I) OF THE INCOME TAX ORDINANCE, 2001

FBR vide their S.R.O. 747(I)/2023 dated June 19, 2023 notified draft of further amendments in the Income Tax Rules, 2002, regarding furnishing of a foreign income and assets statement.

As per the draft, a new rule 36A is inserted which shall provide for furnishing of a foreign income and assets statement. A foreign income and assets statement shall be:

- a) in the form specified in Part IVA of the Second Schedule to these rules providing the particulars of
  - (i) the person's total foreign assets and liabilities as on the last day of the tax year;
  - (ii) any foreign assets transferred by the person to any other person during the tax year and the consideration for the said transfer; and
  - (iii) complete particulars of foreign income, the expenditure derived during the tax year and the expenditure wholly and necessarily for the purposes of deriving the said income;
- b) verified in the manner specified in the form; and
- c) accompanied by such documents, statements and
- d) certificates as specified in the form and in the Ordinance, these rules and circulars issued under the Ordinance.

The Rules further describe that failure to furnish foreign income and assets statement by every resident individual required to be furnished under this rule shall be subject to penalty under S. No. 1AAA of sub-section (1) of section 182 of the Income Tax Ordinance, 2001.

Part-IVA is inserted in the Second Schedule which specifies the form of Statement of foreign income and assets for tax year 2023 onwards.

FBR has sought feedback on the above draft. Worthy Members are requested to kindly provide their valuable feedback/ comments/ suggestions on the same to [tspd@icmap.com.pk](mailto:tspd@icmap.com.pk) latest by June 26, 2023, for onward submission to FBR.

For further details, please visit the following link:

<https://download1.fbr.gov.pk/SROs/202361921695856SRO747-2023.pdf>

## International Updates

### 9. IPSASB BEGINS DEVELOPMENT OF CLIMATE-RELATED DISCLOSURES STANDARD FOR THE PUBLIC SECTOR

International Public Sector Accounting Standards Board (IPSASB) has initiated development of Climate-Related Disclosures Standards for the Public Sector.

The IPSASB has decided to move forward with the development of a public sector specific Climate-Related Disclosures standard and has published a project brief for this major new piece of work. According to IPSASB, the reporting on climate change is one of the most important issues in sustainability reporting, which also encompasses environmental, social and governance issues.

According to the notification, the IPSASB will establish a Climate-related Topic Working Group to provide climate-related expertise and advice to support delivery of the project. The IPSASB will also set up a Sustainability Reference Group to provide advice on its overall sustainability reporting standards development program.

IPSASB states that the Global community engagement is essential to developing sustainability reporting standards for the public sector. The IPSASB continues to seek support for its sustainability reporting standards development program and requires additional resources to be able to scale up its efforts and move with pace. In this regard, IPSASB has notified an email ([rosssmith@ipsasb.org](mailto:rosssmith@ipsasb.org)) to contact.

For further details, please visit the following link:

<https://www.ipsasb.org/news-events/2023-06/ipsasb-begins-development-climate-related-disclosures-standard-public-sector>

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# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

### Tax rate Card FY 2023-24

Tax Rates for Salaried persons (First Schedule, Part-I, Division-I)		
S#	Taxable Income	Rate of Tax
1	Up to Rs 600,000	0%
2	Rs. 600,001 to Rs. 1,200,000	2.5% of the amount exceeding Rs. 600,000
3	Rs 1,200,001 to Rs 2,400,000	Rs 15,000 + 12.5% of the amount exceeding Rs 1,200,000
4	Rs 2,400,001 to Rs 3,600,000	Rs 165,000 + 22.5% of the amount exceeding Rs 2,400,000
5	Rs 3,600,001 to Rs 6,000,000	Rs 435,000 + 27.5% of the amount exceeding Rs 3,600,000
6	Above Rs 6,000,000	Rs 1,095,000 + 35% of the amount exceeding Rs 6,000,000

Tax Rates for AOPs and Non-salaried persons (First Schedule, Part-I, Division-I)		
S#	Taxable Income	Rate of Tax
1	Up to Rs 600,000	0%
2	Rs 600,001 to Rs 800,000	7.5% of the amount exceeding Rs 600,000
3	Rs 800,001 to Rs 1,200,000	Rs 15,000 + 15% of the amount exceeding Rs 800,000
4	Rs 1,200,001 to Rs 2,400,000	Rs 75,000 + 20% of the amount exceeding Rs 1,200,000
5	Rs 2,400,001 to Rs 3,000,000	Rs 315,000 + 25% of amount exceeding Rs 2,400,000
6	Rs 3,000,001 to Rs 4,000,000	Rs 465,000 + 30% of the amount exceeding Rs 3,000,000
7	Above Rs 4,000,000	Rs 765,000 + 35% of the amount exceeding Rs 4,000,000

Rates of Tax for Companies (First Schedule, Part-I, Division-II)	
Small Company	20%
Banking Company	39%
All other Companies	29%

Rate of Super Tax (First Schedule, Part-I, Division-IIA)	
Banking Company	4%
Other persons	0%

Super Tax on high earning persons (Section 4C, First Schedule, Part-I, Division-IIB)		
S#	Taxable Income	Rate of Tax For TY 23 & onward
1	Where income does not exceed Rs.150 M	0% of Income
2	Where income exceeds Rs. 150 M but does not exceed Rs. 200 M	1% of Income
3	Where income exceeds Rs. 200 M but does not exceed Rs. 250 M	2% of Income
4	Where income exceeds Rs. 250 M but does not exceed Rs. 300 M	3% of Income
5	Where income exceeds Rs. 300 M but does not exceed Rs. 350 M	4% of Income
6	Where income exceeds Rs. 350 M but does not exceed Rs. 400 M	6% of Income
7	Where income exceeds Rs. 400 M but does not exceed Rs. 500 M	8% of Income
8	Where income exceeds Rs. 500 M	10% of Income
Where the income exceeds Rs. 300 million in case of banking companies		10% of Income for Tax Year 2023

Rate of Dividend Tax (Section 5, First Schedule, Part-I, Division-III)	
Description	Rate
Received from IPPs	7.5%
Received from Mutual Funds & Others	15%
Received from Companies	25%

Moreover, 0% in case of dividend received by a REIT scheme from Special Purpose Vehicle and 35% in case of dividend received by others from Special Purpose Vehicle as defined under the REIT Regulations, 2015

Rate of Tax on Profit on Debt (Section 7B, First Schedule, Part-I, Division-III A)	
Description	Rate
Imposed under section 7B (up to Rs 5 million)	15%

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# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

### Rate of Tax on Return on investment in sukuks received from special purpose vehicle(Section 5AA, First Schedule, Part-I, Division-IIIB)

Description	Rate
In case of a company	25%
In case of an individual or AOP when profit is more than 1 million	12.5%
In case of an individual or AOP when profit is less than 1 million	10%

### Rate of Tax on Certain Payments to Non-Residents (Section 6, First Schedule, Part-I, Division-IV)

Description	Rate
In case of Royalty or Fee for Technical Services	15% of the gross amount
In any other case	10% of the gross amount

### Rate of Tax on Shipping or Air Transport Income of a Non-resident Person (Section 7, First Schedule, Part-I, Division-V)

Description	Rate
In case of Shipping Companies	8% of the gross amount received or receivable
In case of air transport income	3% of the gross amount received or receivable

### Rate of Tax on Capital Gains on disposal of Securities (Section 37A, First Schedule, Part-I, Division-VII)

S#	Description	Rate
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%
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%
8	Future Commodity contracts entered into by members of Pakistan Mercantile Exchange	5%

Provided that for securities except at S. No. 8 of the table:

- (i) the reduced rates of tax on capital gain arising on disposal shall apply where the securities are acquired on or after the first day of July, 2022; and
- (ii) the rate of 12.5% tax shall be charged on capital gain arising on disposal where the securities are acquired on or after the first day of July 2023; and
- (iii) The rate of 0% tax shall be charged on capital gain arising on disposal where the securities are acquired before the first day of July, 2013:

Provided further that the rate for companies in respect of debt securities shall be as specified in Division II of Part I of the First Schedule:

Provided further that a mutual fund or a collective investment scheme or a REIT scheme shall deduct Capital Gains Tax at the rates as specified below, on redemption of securities as prescribed namely:—

Category	Rate
Individual and association of persons	10% for stock funds, 10% for other funds
Company	10% for stock funds, 25% for other funds

Provided further that in case of a stock fund if dividend receipts of the fund are less than capital gains, the rate of tax deduction shall be 12.5%: Provided further that no capital gains tax shall be deducted, if the holding period of the security is more than six years.

Explanation.- For removal of doubt, it is clarified that, the provisions of this proviso shall be applicable only in case of a mutual fund or collective investment scheme or a REIT scheme.

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# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

Rate of Tax on Capital Gains on disposal of Immoveable Property (Section 37(1A), First Schedule, Part-I, Division-VIII)				
S#	Holding Period	Rate of Tax		
		Open Plots	Constr. Property	Flats
1	Where the holding period does not exceed one year	15%	15%	15%
2	Where the holding period exceeds 1 year but does not exceed 2 years	12.5%	10%	7.5%
3	Where the holding period exceeds 2 years but does not exceed 3 years	10%	7.5%	0
4	Where the holding period exceeds 3 years but does not exceed 4 years	7.5%	5%	-
5	Where the holding period exceeds 4 years but does not exceed 5 years	5%	0	-
6	Where the holding period exceeds 5 years but does not exceed 6 years	2.5%	-	-
7	Where the holding period exceeds 6 years	0%	-	-

Rate of Tax on deemed Income (Section 7E, First Schedule, Part-I, Division-VIII)	
Description	Rate
Rate of Tax on deemed Income	20%

Minimum Turnover Tax (Section 113, First Schedule, Part-I, Division-IX)	
Person(s)	Rate
SSGPL and SNGPL (for cases where annual turnover exceeds rupees one billion), PIA, Poultry	0.75%
Oil Refineries, Motorcycle Dealers registered under Sales Tax Act, 1990, Oil Marketing Companies	0.5%
Distributors of Pharmaceutical products, FMCG & Cigarettes, Petroleum Agents, Rice mills, Flour mills dealers, Persons engaged in sale/purchase of used vehicles, Tier-I FMCG retailers integrated with FBR	0.25%
In all other cases	1.25%

Rate of Advance Tax on person deriving income from the business of construction and disposal of buildings, development etc (Section-147, First Schedule, Part-II)			
Area in	Karachi, Lahore and Islamabad	Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Sialkot, Bahawalpur, Peshawar, Mardan, Abbottabad, Quetta	Urban Areas not specified in columns (2) and (3)
<b>TAX ON PERSONS FALLING UNDER SECTION 147(5C)(i) FOR COMMERCIAL BUILDINGS</b>			
Sq. Ft.	-	-	-
Any size	Rs.250 per Sq. ft.	Rs.230 per Sq. ft.	Rs.210 per Sq. ft.
<b>TAX ON PERSONS FALLING UNDER SECTION 147(5C)(i) FOR RESIDENTIAL BUILDINGS</b>			
upto 3000	Rs.80 per Sq. ft.	Rs.65 per Sq. ft.	Rs.50 per Sq. ft.
3000 & above	Rs.125 per Sq. ft.	Rs.110 per Sq. ft.	Rs.100 per Sq. ft.
<b>TAX ON PERSONS FALLING UNDER SECTION 147(5C)(ii)</b>			
Sq. Ft.	-	-	-
Any size	Rs.150 per Sq. yd.	Rs.130 per Sq. yd.	Rs.100 per Sq. yd.
<b>TAX ON PERSONS FALLING UNDER SECTION 147(5C)(ii) FOR DEVELOPMENT OF INDUSTRIAL AREA</b>			
Sq. Ft.	-	-	-
Any size	Rs.20 per Sq. yd.	Rs.20 per Sq. yd.	Rs.10 per Sq. yd.
Provided that in case of mixed use buildings having both commercial and residential areas, respective rates mentioned above shall apply:			
Provided further that in case of development of plots and constructing buildings on the same plots as one project, both rates shall apply.”;			

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# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

### Withholding Tax Rates for Tax Year 2023

Rate of Advance Tax at Import Stage (Section-148, First Schedule, Part-II)	
Person(s)	Rate
Persons importing goods classified in Part I of Twelfth Schedule	1%
Persons importing goods classified in Part II of Twelfth Schedule	2%
Persons importing goods classified in Part II of Twelfth Schedule in case of commercial importer	3.5%
Persons importing goods classified in Part III of Twelfth Schedule	5.5%
Persons importing goods classified in Part III of Twelfth Schedule, in case of a commercial importer	6%
Manufacturers covered under S.R.O. 1125(I)/2011	1%
Pharmaceutical Imported Finished Goods	4%
Importers of CKD kits of electric vehicles for small cars/SUVs with 50kwh/ below & LCVs with 15/ below	1%
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

Rate of Advance Tax on Value of Import of Mobile Phones (Section-148, First Schedule, Part-II)		
C & F Value of mobile phone (in US Dollar)	In CBU	CKD/SKD
Up to 30 except smart phones	70	0
Exceeding 30 and up to 100 and smart phones up to 100	100	0
Exceeding 100 and up to 200	930	0
Exceeding 200 and up to 300	970	0
Exceeding 350 and up to 500	5,000	3,000
Exceeding 500	11,500	5,200
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>		

Rate of Advance Tax on Salary (Section 149, First Schedule, Part-I, Division-I)		
S#	Taxable Income	Rate of Tax
1	Up to Rs 600,000	0%
2	Rs. 600,001 to Rs. 1,200,000	2.5% of the amount exceeding Rs. 600,000
3	Rs 1,200,001 to Rs 2,400,000	Rs 15,000 + 12.5% of the amount exceeding Rs 1,200,000
4	Rs 2,400,001 to Rs 3,600,000	Rs 165,000 + 22.5% of the amount exceeding Rs 2,400,000
5	Rs 3,600,001 to Rs 6,000,000	Rs 435,000 + 27.5% of the amount exceeding Rs 3,600,000
6	Above Rs 6,000,000	Rs 1,095,000 + 35% of the amount exceeding Rs 6,000,000
<b>No change in Tax Rates in case person is not appearing on the Active Taxpayer's List (ATL)</b>		

Rate of Advance Tax on Dividends (Section-150, First Schedule, Part-III, Division-I)	
Person(s)	Rate
(a) Paid by Independent Power Purchasers (IPPs) where such dividend is a pass through item	7.5%
(b) Mutual funds, Real Estate Investment Trusts (REIT) and cases other than (a), (c) & (d)	15%
(c) Dividend received by a REIT scheme from Special Purpose Vehicle	0%
(c) Dividend received by others from Special Purpose Vehicle as defined under the REIT Regulations, 2015	35%
(d) From a company where no tax is payable by such company, due to exemption of income or carry forward of business losses under Part VIII Chapter III or claim of tax credits under Part X of Chapter III	25%
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

Profit on Debt (Section-151, First Schedule, Part-III, Division-IA & IB)	
Person(s)	Rate
Under Section 151	15%
Rate of Tax on return on investment in sukuks:	
In case of a company	25%
In case the sukuk-holder is an individual or an AOP, if the return on investment is more than 1 million	12.5%
In case the sukuk-holder is an individual and an AOP, if the return on investment is less than 1 million	10%
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	



# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

<b>Payments to non-residents (Section 152, First Schedule, Part III, Division II)</b>	
<b>Description</b>	<b>Rate</b>
Royalty or fees for technical services to a non-resident person (sub-section 1)	15%
Execution of a contract or sub-contract, Assembly or installation project including supply of supervisory activities, any other contract for construction or services, contract for advertisement (sub-section 1A)	7%
Insurance Premium/ Re-insurance Premium (sub-section 1AA)	5%
Advertisement Services (relaying from outside Pakistan) (sub-section 1AAA)	10%
Foreign produced commercial (sub-section 1BA)	20%
Fee for off-shore digital services (sub-section 1C)	10%
Capital gain arising on disposal of instruments & Government Securities on:	
Banking Company maintaining Special Convertible Rupee Account (SCRA) of a non-resident company having no permanent establishment in Pakistan (sub-section 1D)	10%
Banking Company maintaining Foreign Currency Value Account (FCVA)/non-resident Pakistani Rupee Value Account (NRVA) of a non-resident individual holding POC/NICOP/CNIC (sub-section 1DA)	
In case sukuk-holder is a company (sub-section 1DB)	25%
In case the sukuk-holder is an individual or an AOP, if the return on investment is more than 1M	12.5%
In case the sukuk-holder is an individual and an AOP, if the return on investment is less than 1M	10%
Others mentioned in sub-section (2)	20%

<b>Sale of Goods (Other case not covered above)</b>	
a) In case of a company	5%
b) Other cases	5.5%
In case of rendering services: (sub-section 2A(b)) Transport, Freight Forwarding, Air Cargo, Courier, Manpower Outsourcing, Hotel, Security Guard Services, Software Development, IT and IT Enabled services, Tracking, Other Advertisement Services, Share Registrar, Engineering, Warehouse, Car Rental, Asset Management Services, Data Services under license issued by PTA, Training, Telecom Infrastructure (Tower), Building maintenance, Inspection, Certification, Testing & training, Oilfield	4%
In cases other than above mentioned services: (sub-section 2A(b))	
a) In case of company	9%
b) Other Cases	11%
In cases other than sales of goods or rendering of services: (sub-section 2A(c))	
a) In case of sportspersons	10%
b) In any other case	8%
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

<b>Payments for Goods, Services &amp; Contracts (Section 153, First Schedule, Part III, Division III)</b>	
<b>Description</b>	<b>Rate</b>
Rice, Cotton seed oil, edible oils (sub-section (1)(a))	1.5%
By Company (sub-section (1)(a))	5%
By Individual and AOP (sub-section (1)(a))	5.5%
In case of rendering services: (sub-section 1(b)) transport, freight forwarding, air cargo, courier, manpower outsourcing, Hotel, security guard, software development, IT and IT enabled as defined in section 2, tracking, advertising (other than by print or electronic media), share registrar, engineering including architectural, warehousing, rendered by asset management companies, data services provided under license issued by the PTA, telecommunication infrastructure (tower), car rental, building maintenance, services rendered by PSE and PMEL, inspection, certification, testing and training, oilfield, telecommunication, collateral management, travel and tour services, REIT management, rendered by National Clearing Company of Pakistan Limited	4%
<b>In cases other than above mentioned services: (sub-section 1(b))</b>	
a) In case of company	9%
b) Other Cases	11%
<b>In cases of execution of a contract: (sub-section 1(c))</b>	
a) In case of sportspersons	10%
b) In case of a company	7.5%
c) In any other case	8%
Services of dying, stitching etc. by exporters or export house (sub-section 2)	1%
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

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# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

### Exports of Services (Section 154 & 154A, First Schedule, Part III, Division IV & IVA)

Types of Receipts	Rate
Exports of Goods (Section 154(1))	1%
Export proceeds for tax years 2024 up to tax year 2026 of Computer software or IT services or IT Enabled services by persons registered with Pakistan Software Export Board (Section 154A)	0.25%
Any other case (Section 154A)	1%

### Income from Property (Section 155, First Schedule, Part-III, Division-V)

S#	Taxable Income	Rate of Tax
1	Up to Rs 300,000	0%
2	Rs 300,001 to Rs 600,000	5% of the amount exceeding Rs300,000
3	Rs 600,001 to Rs 2,000,000	Rs 15,000 + 10% of the amount exceeding Rs 600,000
4	More than Rs 2,000,000	Rs 155,000 + 25% of the amount exceeding Rs 2,000,000
In case of companies, Tax Rate for rent of immovable property is <b>15% of gross rent</b>		
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>		

### Prizes and Winnings (Section 156, First Schedule, Part III, Division VI)

Description	Rate
On Prize Bonds	15%
On Winning from raffle, lottery, prize on winning quiz or prize offered by a company for promotion of sale	20%
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

### Sale of Petroleum Products (Section 156A, First Schedule, Part III, Division VIA)

Description	Rate
Sale of Petroleum Products to petrol pump operator	12%
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

### Cash Withdrawals from Bank (Section 231AB, First Schedule, Part IV)

Description	Rate for persons not appearing on ATL
Cash withdrawals exceeding Rs 50,000 per day on aggregate basis from a person whose name is not appearing in the active taxpayers' list	0.6%

### Advance Tax on Purchase, Registration and Transfer of Motor Vehicles (Section 231B, First Schedule, Part IV, Division VII)

Under sub-section (1) & (3)		Under sub-section (2)	
Engine Capacity	Rate	Engine Capacity	Rate
Up to 850cc	Rs 10,000	Up to 850cc	-
851cc to 1000cc	Rs 20,000	851cc to 1000cc	Rs 5,000
1001cc to 1300cc	Rs 25,000	1001cc to 1300cc	Rs 7,500
1301cc to 1600cc	Rs 50,000	1301cc to 1600cc	Rs 12,500
1601cc to 1800cc	Rs 150,000	1601cc to 1800cc	Rs 18,750
1801cc to 2000cc	Rs 200,000	1801cc to 2000cc	Rs 25,000
2001cc to 2500cc	6% of the value	2001cc to 2500cc	Rs 37,500
2501cc to 3000cc	8% of the value	2501cc to 3000cc	Rs 50,000
Above 3000cc	10% of the value	Above 3000cc	Rs 62,500
Provided that the value for the purpose of S. Nos. 7 to 9 of the above Table shall be in case of motor vehicle – (i) imported in Pakistan, the import value assessed by the Customs authorities as increased by customs duty, federal excise duty and sales tax payable at import stage; (ii) manufactured or assembled locally in Pakistan, the invoice value inclusive of all duties and taxes; or (iii) auctioned, the auction value inclusive of all duties and taxes:		Provided that in cases where engine capacity is not applicable and the value of vehicle is Rupees five million or more, the rate of tax collectible shall be Rupees twenty thousand: 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.	

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# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

Provided that in cases where engine capacity is not applicable and the value of vehicle is Rupees five million or more, the rate of tax collectible shall be 3% of the import value as increased by customs duty, sales tax and federal excise duty in case of imported vehicles or invoice value in case of locally manufactured or assembled vehicles.	
<b>Under sub-section (2A)</b>	
Up to 1000CC	Rs 100,000
1001CC to 2000CC	Rs 200,000
2001CC and above	Rs 400,000
<b>200% increase in amount of Tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

Foreign Domestic Workers (Section 231C)	
Description	Rate
From the agency, sponsor or the person employing the services of such foreign national	Rs 200,000
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

Brokerage and Commission (Section 233, First Schedule, Part IV, Division II)	
Persons	Rate
Advertisement Agents	10%
Life Insurance Agents less than Rs 0.5M	8%
Others	12%
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

Tax on Motor Vehicle (Section 234, First Schedule, Part IV, Division IIA)		
Description	Rate	
Goods transport vehicles	Rs. 2.5/kg of laden weight	
Vehicles above 8,120 kg of laden weight	Rs 1,200 per annum	
Passenger Transport Vehicle plying for hire per seat		
Capacity	Rs. per seatper annum Non-Air Conditioned	Rs. per seat per annum Air Conditioned
4 or more persons but less than 10 persons	500	1000
10 or more persons but less than 20 persons	1500	2000
20 persons or more	2500	4000
Motor Vehicles (other than Passenger Transport Vehicle plying for hire) per engine capacity		
Engine Capacity	Rate	
Up to 1,000cc	Rs 800	
1,001cc to 1,199cc	Rs 1,500	
1,200cc to 1,299cc	Rs 1,750	
1,300cc to 1,499cc	Rs 2,500	
1,500cc to 1,599cc	Rs 3,750	
1,600cc to 1,999cc	Rs 4,500	
2,000cc and above	Rs 10,000	
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>		

Electricity Consumption (Section 235, First Schedule, Part IV, Division IV)	
Gross Amount of Bill	Rate
For Commercial & Industrial Consumers	
Up to Rs 500	Rs 0
Exceeds Rs 500 but does not exceed Rs 20,000	10% of the amount
Exceeds Rs 20,000	Rs 1950 plus 12% of the amount exceeding Rs 20,000 for commercial consumers & Rs 1950 plus 5% of the amount exceeding Rs 20,000 for Industrial consumers

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# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

For Domestic Consumers	
Less than Rs 25,000	0%
Exceeds Rs 25,000	7.5% of the amount
For Retailers other than Tier-1 retailers	
Where the amount does not exceed Rs. 30,000	Rs 3,000
Where the amount exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs 5,000
Where the amount exceeds Rs. 50,000 but does not exceed Rs. 100,000	Rs 10,000
Retailers and service providers as notified by the Board in the income tax general order	Up to Rs 200,000
<b>No change in Tax Rates in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

Telephone and Internet (Section 236, First Schedule, Part IV, Division V)	
Description	Rate
In the case of a telephone subscriber (other than mobile phone subscriber) where the amount of monthly bill exceeds Rs. 1,000	10% of the exceeding amount of bill
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
<b>No change in Tax Rates in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

Sale by Auction (Section 236A, First Schedule, Part IV, Division VIII)	
Description	Rate
Any property or good other than immovable property	10% of Gross Sale Price
In case of Immovable property sold by auction and sale by auction of train management services by Pakistan Railways	5% of Gross Sale Price
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

Sale or Transfer of Immovable Property (Section 236C, First Schedule, Part-IV, Division X)	
Description	Rate
On Sale or Transfer of Immovable Property	3%
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

TV Plays and advertisements (Section 236CA, First Schedule, Part-IV, Division XA)	
Description	Rate
Foreign-produced TV drama serial or play	Rs 1,000,000 per episode
Foreign-produced TV play (Single Episode)	Rs 3,000,000
Advertisement starring foreign Actor	Rs 500,000 per second
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

Sales to Distributor, Dealer & Wholesalers (Section 236G, First Schedule, Part-IV, Division XIV)	
Description	Rate
If the recipient is listed on ATL of both Sales Tax and Income Tax	0.25%
Other than the recipient of Fertilizer supplies	0.1%
<b>0.7% will be charged from recipients of fertilizer in case recipient is not appearing on the both ATL 0.2% will be charged from other recipients in case recipient is not appearing on the both ATL</b>	

Sales to Retailers (Section 236H, First Schedule, Part-IV, Division XIV)	
Description	Rate
Advance tax on sales to Retailers	0.5%
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

# MONTHLY TECHNICAL UPDATES

## ON ACCOUNTING, TAXATION & LAWS

Purchase of Immovable Property (Section 236K, First Schedule, Part-IV, Division XVIII)	
Description	Rate
On purchase of Immovable Property	3%
<b>10.5% rate will be charged in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

Amount remitted abroad through credit, debit or prepaid cards (Section 236Y, First Schedule, Part-IV, Division XXVII)	
Description	Rate
Advance tax on amount remitted abroad through credit, debit or prepaid cards	5%
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

Bonus Shares issued by Companies (Section 236Z)	
Description	Rate
On every company, issuing bonus shares to the shareholders of the company	10%
<b>100% increase in amount of tax in case person is not appearing on the Active Taxpayer's List (ATL)</b>	

### Disclaimer:

The Technical Support and Practice Development (TSPD) Directorate of ICMA International is pleased to present the Tax Rate Card for Tax Year 2023-24 for the benefit of members and other stakeholders and we hope these will be beneficial for the readers.

Although every care has been taken in its preparation in the light of Finance Act, 2023, however, the Institute shall not be responsible for any loss or damage cause to any person on account of errors or omission which might have crept in. Readers are requested to refer to the relevant laws to find the exact interpretation of law.

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