



SHARJEEL AYUB & CO.
Chartered Accountants

Finance Act, 2019

Income Tax, Sales Tax and Custom laws relevant amendments made by the Finance Act, 2019.



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Preface



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This document contains amendments made in relevant laws through Finance Act, 2019 (i.e. Tax year starting from **1 July 2019 to 30 June 2020**) in Income Tax, Sales Tax, FED and Customs law.

We at Sharjeel Ayub & Co (Sayub) made an effort to present above mentioned amendments in simplest possible form so that readers get an understanding for proper tax planning.

Sayub comments contained in the documents represent our views / interpretations of the amendments therefore should not be taken conclusive on legal ground without our prior advice.

We sincerely believe that this document is simple and as precise as possible nevertheless, you may ask for further details by contacting us.

This document can be accessed directly from our website. To Download **Click here**

Please visit our website www.sayub.com for interactive guidance on Tax matters.

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Budget 2019-20 summary -Income Tax



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Double withholding tax for Non-filers with certain exceptions. See page 10 to 13 for details

Non-filers may ask for normal withholding of tax on notice to Commissioner.

Sale of open plot is taxable if sold before 8 years. See page 16 for tax rates

Sales of constructed property is taxable if sold before 4 years. See page 16 for tax rates

Payment for purchase of Immovable properties (>Rs5M) and vehicles (>Rs 1M) shall be made through banking channel only.

120 days in a tax year OR 365 days in aggregate during 4 preceding tax years stay in Pakistan would make you Resident for tax purposes.

Commission and Distributors' margin in excess of 0.2% of gross amount (only 3rd schedule items) to Non-filers and unregistered persons shall be inadmissible expense.

7.5% of sale to unregistered non-filer dealers of 3rd Schedule items) shall become income of supplier.

Individuals and AoP earning more than Rs 4 M Income from property shall be allowed to claim deduction.

Budget 2019-20 Summary- Income Tax continued...



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Corporate tax is 29% for TY 2020 and onwards

Brought forward amortization is now excluded for super tax purposes

Exemption on Inter-corporate dividends is now applicable for group companies **ELIGIBLE** for group relief.

Final tax regime is no more, except for exports, prizes and winnings, sellers of petroleum products.

Concealment of foreign assets would attract higher penalties and imprisonment

Rate of tax on dividend is 25% if company's income is exempt from tax (Refer page 17)

Tax on income from property enhanced (Refer page no 38)

3% tax on value of certain services (Refer page 18)

Tax credit for full time teachers / researchers is reduced to 25% of related tax liability. Govt teachers and Doctors in private practice or sharing with employer are not entitled

Budget 2018-19 Summary- Income Tax continued...



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Tax credit for person
employing fresh graduates

Late filers of Income tax returns
would be included in Active
Taxpayers list

Non cash gifts shall be treated as
income if NOT received from
grandparents, parents, spouse, real
brother, real sister, son or a
daughter

Tax credit for Balancing,
Modernization and
Replacement (BMR) is
reduced to 5%

Special provisions for Small
business, construction business,
Medical practitioners, Hospitals,
Educational institutions etc

Trusts are also required to
obtain certificate from CIR.
Additional condition of no
personal benefits is placed

No questions shall be asked if
foreign remittance is not exceeding
Rs 5 million in a year

Due date for filing of Income
Tax return is 30 September
immediately after 30 June

The Commissioner may
amend order passed for
monitoring of withholding
taxes.

Budget 2018-19 Summary- Income Tax continued...



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Audit report is required to be issued by Commissioner containing audit observations

Business license is now mandatory for every person engaged in any business, profession or vocation. It should be displayed.

Initial allowance on building is not available anymore.

LRBT and Akhuwat are added for direct deduction of donation from income.

Manufacturers, distributors dealers, wholesalers making sale to retailers and banking companies are required to ask CNIC

Relief of Tax audit once in 3 years is no more.

Budget 2019-20 Summary- Sales Tax



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Sales tax on retail price of imported goods as well.

Zero rating facility SRO 1125 is no more (some exceptions are there)

Tier 1 retailers now includes retailer having shop of 1,000 Sq feet

Cottage industry redefined. Refer Page no 41 for details

Withholding of sales tax shall be applicable for registered persons not appearing on ATL. Rate for withholding for unregistered person is 5% of value. (For details please refer pages no 42 to 43)

Minimum Value addition tax at import stage of Raw materials if Custom duty is 16% or less.

Addition in 3rd Schedule items Refer page no 45 for details

NTN or CNIC in case of sale to unregistered person is required on invoice.

No exemption for import / local supplies of vessels for breaking up

Budget 2019-20 Summary- Sales Tax –Continued...



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Exemptions from sales tax withdrawn. Refer page no 44

Sale of Silver and gold in unworked condition is chargeable to sales tax @1%

Certain items are taxable at reduced rate of Sales tax. Refer page no 46 for details.

Restriction of 90% of output tax is relaxed to 95%.

Budget 2019-20 Summary- Federal Excise Duty



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Duty on aerated waters/beverages is 13% of retail price

FED on locally manufactured cars at the rate of 2.5% to 7.5% depending upon engine capacity (Auto rikshaws are excluded)

FED on imported vehicles ranges from 2.5% to 30% starting from 1000 cc engine capacity

Steel products are subject to excise duty in sales tax mode @ 17% subject to minimum duty regime

Budget 2019-20

Summary- Customs Duty



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Penalties for under /over declaration shall only levied after seeking prior approval of Board, report by Chief collector and involvement of SBP

Time for filing declaration is reduced from 15 days to 10 days

Revamping of alternate dispute resolution mechanism

Agricultural machinery used for soil preparation and cultivation is exempt from Custom Duty

Import of plant and machinery to setup industries in FATA is still available duty free till 30 June 2020

Double withholding tax for non-filers

- Following transactions if done by non-filers would attract withholding tax at double rate.



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Nature of transaction	Relevant section of law	Applicable withholding tax rates
Capital Gains on disposal of securities	37A	See page No 15
Import of goods	148	See page No 28
Tax on local purchase of cooking oil or vegetable ghee by certain persons	148A	See page No 28
Dividends	150	See page No 17
Return on investment in sukkuks	150A	See page No 19
Profit on debt	151	See page No 26
Certain payments to non-residents	152	See page No 16

Double withholding tax for non-filers

- Following transactions if done by non-filers would attract withholding tax at double rate.



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Nature of transaction	Relevant section of law	Applicable withholding tax rates
Payment for foreign produced commercials	152A	
Payment for goods, services and contracts	153	See page No 30
Payment of royalty to resident persons	153B	See page No 30
Prizes and winnings	156	See page No 33
Petroleum products	156A	See page No 31
Advance tax on private motor vehicles	231B	See page No 21
Brokerage and commission	233	See page No 31
Collection of tax by a stock exchange registered in Pakistan	233A	See page No 31

Double withholding tax for non-filers

- Following transactions if done by non-filers would attract withholding tax at double rate.



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Nature of transaction	Relevant section of law	Applicable withholding tax rates
Tax on motor vehicles	234	See page No 23
CNG Stations	234A	See page No 31
Telephone and internet users	236	See page No 31
Advance tax at the time of sale by auction	236A	See page No 33
Advance tax on sale or transfer of immovable property	236C	See page No 25
Advance tax on sales to distributors, dealers and wholesalers	236G	See page No 33
Advance tax on sale to retailers	236H	See page No 33
Tax on sale of certain petroleum products	236HA	See page No 31

Double withholding tax for non-filers

- Following transactions if done by non-filers would attract withholding tax at double rate.



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Nature of transaction	Relevant section of law	Applicable withholding tax rates
Advance tax on purchase or transfer of immovable property	236K	See page No 25
Dividend in specie	236S	
Advance tax on persons remitting abroad through credit card, debit card or prepaid cards	236Y	

Tax on capital gains u/s 37A



Period	FILER	NON-FILER
Capital gain [irrespective of holding period] date of purchase after 1 st July 2016	15%	30%
<u>Where security was acquired before 1st July 2016</u>		
- Holding period less than 12 months	15%	30%
- Holding period 12months to less than 24 months	12.5%	25%
<u>Where security was acquired on or after 1st July 2013 but before 1st July 2016</u>		
- Holding period 24 months or more [0% for Tax year 2015]	7.5%	15%
<u>Where security was acquired before 1st July 2013</u>		
	0%	0%
Future commodity contracts by members of Pakistan Mercantile Exchange of Pakistan	5%	10%

Capital gains u/s 37A – Withholding by Mutual funds / REITs



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Period	Non-corporate	Corporate
Stock funds [If dividend receipts are less than capital gains then rate would be 12.5%]	10%	10%
Other than Stock funds	10%	25%
If holding period is more than four years	0%	0%

Tax on capital gains on sale of Immovable properties



Amount of gain	FILER	NON-FILER
0 – Rs 5 million	5%	5%
Exceeds Rs 5 Million but not exceeds Rs 10 Million	10%	10%
Exceeds Rs 10 Million but not exceeds Rs 15 Million	15%	15%
Exceeds Rs 15 Million	20%	20%

For open plots: Taxable Gain shall be reduced by 25% if holding period exceeds 1 year but does not exceeds 8 years.

For Constructed property: Taxable Gain shall be reduced by 25% if holding period exceeds 1 year but does not exceeds 4 years.

Tax on Dividends



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Category	Withholding tax		Charge of tax (at the time of return filing)	
	Filer	Non-filer	Filer	Non-filer (refund would not be entertained)
Dividend from Mutual funds	15%	30%	15%	15%
Dividend from REIT	15%	30%	25%	25%
Dividend from IPPs	7.5%	15%	7.5%	7.5%
Companies whose income is exempt from tax	15%	30%	25%	25%

3% Minimum tax on Value of Certain Services



- Following services were taxable @ 2% or option of exemption certificate from withholding of tax was available on payment of 2% of turnover.
- Now these services are taxable @ 3% minimum tax, no option of exemption / lower rate certificate is available.

Nature of Service	
Transport services	Tracking services
Freight forwarding services	advertising services (other than by print or electronic media)
Air cargo services	Share registrar services
Courier services	Engineering services
Manpower outsourcing services	Car rental services
Hotel services	Building maintenance services
Security guard services	Services rendered by PSX and PMX
Software development services	Inspection, certification and testing services
IT services and IT enabled services	Training services

Tax to be deducted from Sukuks Income



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Category	Individuals / AOPs		Companies	
	Filer	Non- filer	Filer	Non- filer
Sukuk Income is more than Rs 1 Million	12.5%	25%	15%	30%
Sukuk Income is less than Rs 1 Million	10%	20%	15%	30%



Filer of Income Tax Returns shall have tax advantages in the year 2019-20.

- Non-filers will pay 100% more withholding tax than filers as follows.

Category	New rates (2019-20)	
	<i>Filer</i>	<i>Non-Filer</i>
Dividend [other than dividend from Mutual Fund]	15%	30%
Profit on debt (more than Rs.500,000) [If profit is less than Rs 500,000 then rate shall be 10% for filers as well as for non-filers]	15%	30%
Cash withdrawal or other banking transaction of Rs. 50,000 or above in a day from ALL bank accounts.	0%	0.6%
Advance tax on amount remitted abroad through credit, debit or prepaid cards	1%	2%

Filer of Income Tax Returns shall have tax advantages in the year 2019-20 Continued...



Category	Rates (2019-20)	
	<i>For Filer</i>	<i>For Non-filer</i>
<u>Registration of new motor vehicle (locally manufactured) – u/s 231B (1) & (3)</u>		
-up to 850cc	7,500	15,000
-851 cc to 1000cc	15,000	30,000
-1001cc to 1300cc	25,000	50,000
-1301cc to 1600cc	50,000	100,000
-1601cc to 1800cc	75,000	150,000
-1801cc to 2000cc	100,000	200,000
-2001cc to 2500cc	150,000	300,000
-2501cc to 3000cc	200,000	400,000
-Above 3000cc	250,000	500,000

Filer of Income Tax Returns shall have tax advantages in the year 2019-20 Continued...



Category	Rates (2019-20)	
	<i>For Filer</i>	<i>For Non-filer</i>
<u>Transfer of registration or ownership of motor vehicle –u/s 231B (2)</u>		
-up to 850cc	0	0
-851 cc to 1000cc	5,000	10,000
-1001cc to 1300cc	7,500	15,000
-1301cc to 1600cc	12,500	25,000
-1601cc to 1800cc	18,750	37,500
-1801cc to 2000cc	25,000	50,000
-2001cc to 2500cc	37,500	75,000
-2501cc to 3000cc	50,000	100,000
-Above 3000cc	62,500	125,000

Filer of Income Tax Returns shall have tax advantages in the year 2019-20 Continued...



Category	Rates (2019-20)	
	<i>For Filer</i>	<i>For Non-filer</i>
<u>Collection of Advance Tax with Motor vehicle Tax – u/s 234</u>		
-Up to 1000cc	800	1,600
-1001 to 1199cc	1,500	3,000
-1200 to 1299cc	1,750	3,500
-1300 to 1499cc	2,500	5,000
-1500 to 1599cc	3,750	7,500
-1600 to 1999cc	4,500	9,000
-2000cc and above	10,000	20,000

Filer of Income Tax Returns shall have tax advantages in the year 2019-20 Continued...



Category	Rates (2019-20)	
	<i>For Filer</i>	<i>For Non-filer</i>
<u>Collection of Advance Tax with Motor vehicle Tax (Lump sum)</u>		
-Up to 1000cc	10,000	20,000
-1001 to 1199cc	18,000	36,000
-1200 to 1299cc	20,000	40,000
-1300 to 1499cc	30,000	60,000
-1500 to 1599cc	45,000	90,000
-1600 to 1999cc	60,000	120,000
-2000cc and above	120,000	240,000

Filer of Income Tax Returns shall have tax advantages in the year 2019-20 Continued...



Category	Rates (2019-20)	
	<i>For Filer</i>	<i>For Non-filer</i>
Sale of immovable property from seller [no tax if holding period is 8 or more years or exempt from tax in case of open plot or 4 or more years in case of constructed property]	1% of the declared consideration	2% of the declared consideration
Purchases of Immovable property (to be paid by buyer)	1% of the declared consideration	2% of the declared consideration
International first / Executive business class travel	Rs 16,000 per person	Rs 16,000 per person
Other class excluding economy	Rs 12,000 per person	Rs 12,000 per person

Slab rates for Profit on debt (Other than Company).



S.No	Profit on Debt	Rate of Tax
1.	Up to Rs. 5,000,000	15%
2.	Rs. 5,000,001 to Rs. 25,000,000	17.5%
3.	Rs. 25,000,001 to Rs 36,000,000	20%
4.	Rs. 36,000,001 or more	Shall be taxable according to normal slabs rates

Withholding tax from profit on debt shall be 15% in all cases except where annual profit is less than Rs 500,000/-

Sayub's Comment: Tax deducted at source shall be adjustable from the tax liability on profit debt according to above rates and the differential amount of tax shall be tax payable. While in the case of Non- Filler tax deducted if not fully adjustable from tax liability would not be refundable.

Slab rates for Sukuks Profit



S.No	Person	Rate of Tax
1.	Company	25%
2.	Individuals or AoP where Sukuks return is more than Rs 1 million	12.5%
3.	Individuals or AoP where Sukuks return is less than Rs 1 million	10%

Withholding Tax 2019-20



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Category	Rate of Withholding tax	
	Corporate	Non-Corporate
<u>Withholding Tax rates (Imports)</u>		
Import by Industrial Undertaking (IU)	5.5% (11% in case of Non-filers)	
Commercial importers (filer/non-filer)	5.5% (11% in case of Non-filers)	6% (12% in case of Non-filers)
Commercial importers covered under SRO 1125(I) / 2011	3% of [CIF + Customs Duties + Sales Tax + FED] 6% Non- Filers	
Manufacturers covered under SRO 1125(I) / 2011	1% of [CIF + Customs Duties + Sales Tax + FED] 2% Non- Filers	
Industrial undertaking importing remittable steel (PCT heading 72.04) directly reduced iron for its own use	1% of [CIF + Customs Duties + Sales Tax + FED]	
Persons importing finished pharmaceutical products that are not manufactured otherwise in Pakistan, as certified by the DRAP	4%	

Withholding Tax 2019-20 –Continued...



Category	Rate of Withholding tax	
	<i>Filer</i>	<i>Non-Filer</i>
<u>Withholding Tax rates (Imports)</u>		
Ship breakers on import of ship	4.5%	9%
Person importing gold and cotton	1%	2%
LNG, urea, Potassic Fertilizers	1% of [CIF + Customs Duties + Sales Tax + FED]	
Industrial undertaking importing plastic raw material falling under PCT Heading 39.01 to 39.12	1.75% of [CIF + Customs Duties + Sales Tax + FED] 3.5% for Non-filers	
Commercial importer importing plastic raw material falling under PCT Heading 39.01 to 39.12	4.5% of [CIF + Customs Duties + Sales Tax + FED] 9% for Non-filers	

Withholding Tax 2019-20 –Continued...



Category	New rates (2019-20)			
	Corporate		Non-Corporate	
<u>Withholding Tax rates [Other than imports]</u>	Filer	Non-Filer	Filer	Non-Filer
Sale of rice, cotton seeds or edible oil	1.5%	3%	1.5%	3%
Supply of goods made by FMCG distributor	2%	4%	2.5%	5%
Supply of goods (Resident)	4%	8%	4.5%	9%
Services mentioned on page 9 of this document	3%	3%	3%	3%
Rendering of services (Other than mentioned on page 18 of this document)	8%	16%	10%	20%
Payments to Electronic media	1.5% of gross amount	3% of gross amount	1.5% of gross amount	3% of gross amount
Royalty paid to resident persons	15%	30%	15%	30%

Withholding Tax 2019-20 –Continued...



Category	New rates (2018-19)			
	Corporate		Non-Corporate	
	Filer	Non-Filer	Filer	Non-Filer
<u>Withholding Tax rates</u>				
Execution of contracts	7%	14%	7.5%	15%
Execution of contracts by sports person	N/A	N/A	10%	10%
Commission and discount to Petroleum pumps operators	12%	24%	12%	24%
CNG pumps	4%	8%	4%	8%
Brokerage & Commission In case of life insurance agent earning less than Rs.500,000 commission rate is 8% (16% for Non Filer). Advance tax @0.02% of transaction value by Pakistan Stock Exchange.	12%	24%	12%	24%

Withholding Tax 2019-20 –Continued...



Category	New rates (2018-19)			
	<i>Corporate</i>		<i>Non-Corporate</i>	
	Filer	Non-Filer	Filer	Non-Filer
<u>Withholding Tax rates</u>				
Advertising Agent commission	10%	20%	10%	20%
Domestic Electricity bills exceeding Rs 75,000	N/A	N/A	7.5%	15%
Prepaid cards for telephones	12.5%	15%	12.5%	15%
Functions and gathering	5%	5%	5%	5%
Function of marriage in Marriage Halls etc. For Urban Cities	N/A	N/A	5% of the Bill or Rs 20,000	5% of the Bill or Rs 20,000
Function of marriage in Marriage Halls etc. For Rural Cities	N/A	N/A	5% of the Bill or Rs 10,000	5% of the Bill or Rs 10,000

Withholding Tax 2019-20 –Continued...



Category	New rates (2018-19)			
	Corporate		Non-Corporate	
<u>Withholding Tax rates</u>	Filer	Non-Filer	Filer	Non-Filer
Prize on prize bond or cross-word puzzle	15%	30%	15%	30%
Winnings from a raffle, lottery, prize on winning a quiz, prize offered by a company for promotion of sale	N/A		20%	40%
Advance tax at the time of sale by auction	10%	20%	10%	20%
Advance tax on sale to distributors, dealers or wholesalers of fertilizers	0.7%	1.4%	0.7%	1.4%
Advance tax on sale to distributors, dealers or wholesalers of other than fertilizers	1%	2%	1%	2%
Advance tax on sale to retailers of electronics	1%	2%	1%	2%
Advance tax on sale to retailers of other than electronics	0.5%	1%	0.5%	1%

Withholding Tax 2019-20 –Continued...



Category	New rates (2018-19)			
	Corporate		Non-Corporate	
<u>Withholding Tax rates</u>	Filer	Non-Filer	Filer	Non-Filer
Advance on sale of certain petroleum products	0.5%	1%	0.5%	1%
Advance tax on dealers, commission agents and arhatis, etc.				
Group or Class A:	100,000	200,000	100,000	200,000
Group or Class B:	75,000	150,000	75,000	150,000
Group or Class C:	50,000	100,000	50,000	100,000
Any other category:	50,000	100,000	50,000	100,000
Advance tax on purchase of immovable property	1%	2%	1%	2%

Tax Rates for Salaried Individuals



Taxable income	Applicable rate
Up to 600,000	Nil
600,001 to 1,200,000	5% of the amount exceeding Rs 600,000
1,200,001 to 1,800,000	Rs 30,000 +10% of the amount exceeding Rs 1,200,000
1,800,001 to 2,500,000	Rs 90,000 +15% of the amount exceeding Rs 1,800,000
2,500,001 to 3,500,000	Rs 195,000 +17.5% of the amount exceeding Rs 2,500,000
3,500,001 to 5,000,000	Rs 370,000 +20% of the amount exceeding Rs 3,500,000
5,000,001 to 8,000,000	Rs 670,000 +22.5% of the amount exceeding Rs 5,000,000
8,000,001 to 12,000,000	Rs 1,345,000 +25% of the amount exceeding Rs 8,000,000
12,000,001 to 30,000,000	Rs 2,345,000+27.5% of the amount exceeding Rs 12,000,000

Tax Rates for Salaried Individuals – Continued...



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Taxable income	Applicable rate
30,000,001 to 50,000,000	Rs 7,295,000 +30% of the amount exceeding Rs 30,000,000
50,000,001 to 75,000,000	Rs 13,295,000 +32.5% of the amount exceeding Rs 50,000,000
Where the taxable income exceeds Rs 75,000,000	Rs 21,420,000 + 35% of the amount exceeding Rs 75,000,000



Tax Rates for non-salaried and Association of Persons (AoPs)

Taxable income	Applicable rate
Up to 400,000	Nil
400,001 to 600,000	5% of the amount exceeding Rs 400,000
600,001 to 1,200,000	Rs 10,000 +10% of the amount exceeding Rs 600,000
1,200,001 to 2,400,000	Rs 70,000 +15% of the amount exceeding Rs 1,200,000
2,400,001 to 3,000,000	Rs 250,000 +20% of the amount exceeding Rs 2,400,000
3,000,001 to 4,000,000	Rs 370,000 +25% of the amount exceeding Rs 3,000,000
4,000,001 to 6,000,000	Rs 620,000 +30% of the amount exceeding Rs 4,000,000
Where the taxable income exceeds Rs 6,000,000	Rs 1,220,000 +35% of the amount exceeding Rs 6,000,000

Withholding Tax rates for Property Income Payment of Rent.



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Gross amount of Rent	Applicable rate (For individual & AoP)
Does not exceed Rs 200,000	Nil
Rs 200,000 to Rs 600,000	5% of the gross amount exceeding Rs 200,000
Rs 600,000 to Rs 1,000,000	Rs 20,000 + 10% of the gross amount exceeding Rs 600,000
Rs 1,000,000 to Rs 2,000,000	Rs 60,000 + 15% of the gross amount exceeding Rs 1,000,000
Rs 2,000,000 to Rs 4,000,000	Rs 210,000 + 20% of the gross amount exceeding Rs 2,000,000
Rs 4,000,000 to Rs 6,000,000	Rs 610,000 + 25% of amount exceeding Rs 4,000,000
Rs 6,000,000 to Rs 8,000,000	Rs 1,110,000 + 30% of amount exceeding Rs 6,000,000
Exceeding Rs 8,000,000	Rs 1,710,000 + 35% of amount exceeding Rs 8,000,000

In case rent is paid to **company** then **15%** For Filer and **30%** for Non filer of the gross amount of rent.

Minimum Tax on Turnover u/s 113



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Person	Rate of Minimum Tax on Turnover
Other than following cases [General rate]	1.5%
Any person earning commission Income from Online Market Place	0.5%
Oil Marketing Companies, Oil refineries, SSGC, SNGP, (where annual Turnover exceeds Rs 1 Billion)	0.75%
Pakistan Airlines, Poultry Industry including breeding, broiler, eggs production and poultry feed production	0.75%
Dealers and distributors of Fertilizers, Pharmaceuticals products, FMCGs and Cigarettes	0.25%
Motorcycle dealers registered under Sales Tax Act, 1990	0.3%

Other changes in Income tax law 2019-20



Amendment	Sayub's Comments
Tax on Import of finished pharmaceutical goods is reduced to 4% if these goods are not otherwise manufactured in Pakistan.	The amendment seems to favor pharmaceutical industry however the effect of this amendment in the form of reduced prices for consumers should be implemented by regulators.
In case where life of an intangible asset is unascertainable then it would be considered as 25 years	Previously the useful life in case of unascertainable useful life was 10 years, however these resulted in accelerated amortization in case of intangibles having more than 10 years useful life. The amendment seems to synchronize tax expense with that claimed in accounting records.
Self generated goodwill or adjustment arising on account of accounting treatment will not be considered as intangible.	This amendment seems to target goodwill recognized under business acquisitions / mergers or reorganizations etc.
Commissioner may use the services of Independent Chartered Accountant or Cost and Management accountant for transfer pricing.	The commissioner if satisfied with the report of Chartered Accountants or CMA, can treat the report as definite information for the purpose of amendment of assessment.



Cottage Industry

Cottage industry means a manufacturing concern which satisfy all of the below conditions

- does not have an industrial gas or electricity connection;
- is located in a residential area;
- does not have a total labour force of more than 10 workers; and
- Annual turnover from all supplies does not exceed Rs. 3 million.



Withholding of Sales tax

Sales tax is REQUIRED to be withhold in following cases.

Transaction	Rate of withholding tax
1. Purchase from persons registered for sales tax purposes but not appearing on ATL	1/5 th of the Sales tax mentioned on invoice
2. Unregistered person	5% of the total value of invoice.
3. Purchases from steel melters, re-rollers, and ship breakers	1/5 th of the Sales tax mentioned on invoice



Withholding of Sales tax

Sales is NOT REQUIRED to be withhold in following cases.

Transaction

1. Electrical energy
2. Natural gas
3. Petroleum products as supplied by petroleum production and exploration companies, oil refineries, oil marketing companies and dealers of motor spirit and high speed diesel.
4. Registered persons paying sales tax under Chapter XI of the Sales Tax Special Procedure Rules, 2007, except those paying sales tax on ad valorem basis at standard rate
5. Vegetable ghee and cooking oil
6. Telecommunication services
7. Goods specified in the Third Schedule to the Sales Tax Act, 1990
8. Supplies made by commercial importers who paid value addition tax on such goods at the time of import as prescribed under Chapter X of the Sales Tax Special Procedure Rules, 2007; and
9. Supplies made by an **active taxpayer** as defined in the Sales Tax Act, 1990 to another registered person with the exception of advertisement services



Sales tax exemptions withdrawn

Following items are no more exempt from Sales tax

Transaction

1. Frozen, prepared or preserved sausages and similar products of poultry meat or meat offal sold in retail packing under a brand name or trade mark; and
2. Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry meat and fish sold in retail packing under a brand name or trade mark;



Items introduced in 3rd Schedule to Sales tax Act, 1990

Following goods are now under 3rd Schedule.

Entry No	Description of goods	PCT Heading
47	i. Biscuits in retail packing with brand name	Respective headings
48	ii. Tiles	Respective headings
49	iii. Auto-parts, in retail packing, excluding those sold to automotive manufacturers or assemblers	Respective headings



Reduced rate of Sales Tax

Reduced rate applicable on following goods under Sales Tax Act 1990.
(Eight Schedule)

Description of goods	Reduced rate
Frozen prepared or preserved sausages and similar products of poultry meat or meat offal (HS code: 1601.0000)	8%
Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry, meat and fish (HS Code: 1602.3200, 1602.3900, 1602.5000, 1604.1100, 1604.1200, 1604.1300, 1604.1400, 1604.1500, 1604.1600, 1604.1900, 1604.2010, 1604.2020 and 1604.2090)	8%