

WITHHOLDING TAX DEDUCTION CHART

Introduction:

Withholding Tax Regime is a global phenomenon and in Pakistan the major source of the Federal revenue collected on national level. The collection as well as dependence on Withholding Taxes is on the rise over the years. Out of total Direct Taxes collection came from various Withholding Taxes, which are characterized by their adjustable and presumptive nature. Withholding Taxes regime in one or the other way is part of tax system ever since imposition of direct taxes by the governments and taxpayers on two scores;

- To the government, provides revenue regularly throughout the year for its expenditure and operations.
- To the taxpayers, provides an opportunity to discharge their obligations in manageable installments.

In recent years, globalization has forced many countries to alter their economies to harmonize tax policies and alignment thereof with new trade and investment policies embodied in the free trade agreements. The concept of "Hang Together" is more relevant today than ever before. Countries can neither close their borders nor their economies. Tax policies can not be isolated from the international economies either. In view of such competitive environment there was a need to have an organization to monitor and manage the system of Withholding Tax Regime, therefore the Directorate General of Withholding Taxes was created through Finance Act of 2008 under section 230A of the Income Tax Ordinance 2001.

Section	Nature of payment	Rate TY 2018-19	
DIVIDEND (IN CASH OR IN SPECIE)			
		Filer	Non-Filer
150 & 236 S	Dividend (In cash or in specie):		
	(A) Declared or distributed by purchaser of a power project privatized by WAPDA or on shares of a company set up for power generation or on shares of a company, supplying coal exclusively to power generation projects	7.50%	7.50%
	(B) Dividend paid by other companies	15.00%	20.00%
	(C) Dividend paid by money market fund, income fund or any other fund (in case of Company)	15.00%	25.00%
	(D) Dividend paid by money market fund, income fund or any other fund (Other than Company) Provided that amount of Dividend is less than Rs. 2.5 million	10.00%	15.00%
	(E) Dividend paid by money market fund, income fund or any other fund (Other than Company) Provided that amount of Dividend is more than Rs. 2.5 million	12.50%	15.00%
	(E) In case of stock fund, if dividend receipts of the fund are greater than capital gains	12.50%	12.50%
	(F) In case of stock fund, if dividend receipts of the fund are less than capital gains	12.50%	12.50%
PROFIT ON DEBT			
		Filer	Non-Filer
151	Profit on debt up to Rs. 500,000	10.00%	10.00%
	Profit on debt more than Rs. 500,000	10.00%	17.50%
PAYMENT TO NON-RESIDENTS			
		Filer	Non-Filer
152(1)	Payment to Non-resident on account of:		
	Royalty	15.00%	15.00%
	Fee for Off Shore Digital Services	5.00%	5.00%
152(1A)	Contract for construction, assembly, installation projects supervisory activities & advertisement services rendered by T.V Satellite Channels	7.00%	13.00%
152(1AA)	Payment of insurance premium or re-insurance premium to non-resident	5.00%	5.00%
152(1AAA)	Payment for advertisement services to a non- resident person relaying from outside Pakistan	10.00%	10.00%
152(2)	Payment for profit on debt to non-resident person having no PE in Pakistan.	10.00%	15.00%
152(2)	Any Other payment except payment to foreign news agencies, syndicate services & non-resident contribution having no permanent establishment in Pakistan	20.00%	20.00%

Section	Nature of payment	Rate TY 2018-19	
		Filer	Non-Filer
PAYMENT TO NON-RESIDENTS			
152 (2A)	Payment in full or in part including by way of advance to PE in Pakistan of a non-resident:	Filer	Non-Filer
	For sale of any other goods - In case of Company	4.00%	7.00%
	For sale of any other goods - In case of other persons	4.50%	7.75%
	Transport services	2.00%	2.00%
	On rendering of other services - In case of Company	8.00%	14.00%
	On rendering of services - In case of other persons	10.00%	17.50%
	On execution of a contract	7.00%	13.00%
	Sports Person	10.00%	10.00%
		OR	
		As per reduced rates available in "Avoidance of Double Taxation Treaty" with respective country	
PAYMENTS FOR GOODS AND SERVICES			
		Filer	Non-Filer
153(1)(a)	Sale or Supply of Goods:		
	Sale of rice, cotton seed or edible oil	1.50%	1.50%
	Supply of any other goods to companies	4.00%	8.00%
	Supply of any other goods to persons other than companies	4.50%	9.00%
153(1)(ab)	On rendering of services:		
	Supply of fast moving goods by the distributors - In case of company	2.00%	2.00%
	Supply of fast moving goods by the distributors - Other than company	2.50%	2.50%
153(1)(b)	On rendering of services:		
	Passenger transport services	2.00%	2.00%
	Payments to electronic & print media for advertisement services - In case of company	1.50%	12.00%
	Payments to electronic & print media for advertisement services - Other than company	1.50%	15.00%
	Any other services to companies	8.00%	14.50%
153(1)(c)	Execution of Contract (other supply of goods & rendering of services):		
	Payment to companies in case of contract	7.00%	14.00%
	Payment to all other taxpayers other than companies	7.50%	15.00%
	Payment to sports persons	10.00%	10.00%
153 (2)	Rendering of services to exporter / export house	1.00%	1.00%
EXPORTS & FOREIGN INDENTING COMMISSION			
		Filer	Non-Filer
154(1)	Realization of export proceeds	1.00%	1.00%
154 (2)	Realization of proceeds on account of indenting export commission	5.00%	5.00%
154 (3)	Realization of proceeds on account of sale to exporter against inland back to back LC or any other arrangement prescribed by FBR	1.00%	1.00%

Section	Nature of payment	Rate TY 2018-19	
PAYMENT OF PROPERTY RENT			
155	Rent of property (including rent of furniture & fixtures)		
	A. Where owner is an Individual or Association of Persons (AOP)	Both for Filer and Non-filer	
	i) Where gross amount of rent does not exceed Rs. 200,000.	NIL	
	ii) Where gross amount of rent exceeds Rs. 200,000 but does not exceed Rs. 600,000.	5% of gross rent exceeding Rs. 200,000	
	iii) Where gross amount of rent exceeds Rs. 600,000 but does not exceed Rs. 1,000,000.	Rs. 20,000 plus 10 per cent of the gross amount of rent exceeding Rs. 600,000	
	iv) Where gross amount of rent exceeds Rs. 1,000,000 but does not exceed Rs. 2,000,000.	Rs. 60,000 plus 15 per cent of the gross amount of rent exceeding Rs. 1,000,000	
	v) Where the gross amount of rent exceeds Rs. 2,000,000	Rs. 210,000 plus 20 per cent of the gross amount of rent exceeding Rs. 2,000,000	
		Filer	Non-Filer
B. Where owner is a Company	15 % of the gross amount of rent	17.5 % of the gross amount of rent	
PRIZES & WINNINGS			
		Filer	Non-Filer
156	Prize on a Prize bond, cross-word puzzle	15.00%	25.00%
	Winnings from a raffle, lottery, quiz and prize offered by companies for promotion of sales (If prize is not in cash, than tax shall be deducted on fair market value of prize)	20.00%	20.00%
CASH WITHDRAWAL FROM BANK			
		Filer	Non-Filer
231 A	On cash withdrawal	0.30%	0.60%
	CURRENCY EXCHANGE COMPANIES	Both for Filer and Non-filer	
	Exemption for: - Federal Government and Provincial Government - Foreign Diplomat or Diplomatic Mission in Pakistan - A Person who produces an exemption certificate issued by Commissioner of Income tax for the relevant section	0.15%	
ADVANCE TAX ON PRIVATE MOTOR VEHICLE			
		Filer	Non-Filer
231 (B)	On Leasing of a Motor Vehicle At the time of leasing of a motor vehicle advance tax at the rate 4% shall collect on the value of Motor Vehicle from the non filer	N/A	4.00%

Section	Nature of payment	Rate TY 2018-19	
		Filer	Non-Filer
ADVANCE TAX ON TRANSACTION IN BANK			
		Filer	Non-Filer
231 AA	On Transactions in bank against cash - (for clarity or scope of tax please refer instructions already issued by this office, from time to time)	0.30%	0.60%
236P	On Transactions in bank other than through cash On sale/issuance of any instrument including demand draft, pay orders, special deposit receipt, cash deposit receipt, short term deposit receipt, call deposit receipt, rupee traveler's cheque or any other instrument of such nature other than through cash; and On transfer of any sum through clearing, interbank or intra bank transfers through cheques, online transfer, telegraphic transfer, mail transfer, direct debit, payments through internet, payments through mobile phones, account to account funds transfer, third party account to account funds transfers, real time account to account funds transfer, real time third party account to account fund transfer, automated teller machine (ATM) transfers, or any other mode of electronic or paper based funds transfer Exemptions: -Payment for Federal/Provincial/Local Government taxes	N/A	0.60% Where the sum of total transactions /payments exceeds Rs. 50,000 in a day
BROKERAGE & COMMISSION			
		Filer	Non-Filer
233(1)	i) In case of advertising agents	10.00%	15.00%
	ii) Life Insurance Agents (if commission is less than Rs. 0.5 Million per annum)	8.00%	16.00%
	iii) All other persons not covered in (i) and (ii)	12.00%	15.00%
233A	Commission on purchase of shares (Purchase Value)	0.02%	0.02%
	Commission on sales of shares (Sale Value)	0.02%	0.02%
	Trading value of share	0.02%	0.02%
	Mark-up on carry over transactions	10.00%	10.00%
DOMESTIC ELECTRICITY CONSUMPTION			
		Filer	Non-Filer
235A	On electricity bill from domestic customer (if bill is equal to or more than Rs. 75,000)	7.50%	7.50%
TELEPHONE AND INTERNET BILL			
		Filer	Non-Filer
236	On telephone bill exceeding Rs. 1,000	10.00%	10.00%
	Subscriber of internet and prepaid internet card or sale of units through any electronic medium or whatever form	12.50%	12.50%
SALE BY AUCTION			
		Filer	Non-Filer
236A	Advance tax at the time of sale of goods or property (including property or goods confiscated or attached) by auction or auction by tender	10% of the gross sale price	15% of the gross sale price
ADVANCE TAX ON SALE AND PURCHASE OF PROPERTY			
		Filer	Non-Filer
236C	For Seller		
	WHT to be collected from seller	1.00%	2.00%
236K	For Buyer		
	At the time of registering or attesting on Purchaser Where value of immovable property exceeds Rs. 4 million	2.00%	4.00%

Section	Nature of payment	Rate TY 2018-19	
ADVANCE TAX ON FUNCTION AND GATHERING			
236D	Tax shall be deducted on arranging or holding a function in a marriage hall, marquee, hotel, restaurant, commercial lawn, club, community place or other place for such purpose.	Islamabad, Lahore, Multan, Faisalabad, Rawalpindi, Gujranwala, Bahawalpur, Sargodha, Sahiwal, Sheikhpura, Dera Gazi Khan, Karachi, Hyderabad, Sukkur, Thatta, Larkana, Mirpurkhas, Nawabshah, Peshawar, Mardan, Abbotabad, Kohat, Dera Ismail Khan, Sibi, Loralai, Khuzdar, Dera Murad For above mentioned Cities Both Filer and Non-Filer 5% of total bill amount or Rs. 20,000 per function whichever is higher	
		For cities other than those mentioned above Both Filer and Non-Filer 5% of total bill amount or Rs. 10,000 per function whichever is higher	
ADVANCE TAX BY EDUCATIONAL INSTITUTIONS			
		Both for Filer and Non-filer	
236I	Advance tax shall be deducted by educational institutions, if annual fee exceeds two hundred thousand rupees. Exemption: Tax is not applicable to a non resident; - Who produces a certificate that in previous year his stay in Pakistan was for less than 183 days and he has no Pakistan Source Income and - The fee is remitted directly from abroad through normal banking channel to bank account of the educational institution.	5% of the fee amount	
ADVANCE TAX ON PURCHASE OF INTERNATIONAL AIR TICKET			
		Both for Filer and Non-filer	
236L	On purchase of International Air Tickets		
	- First Class	Rs. 16,000/- per ticket	
	-Others excluding economy	Rs. 12,000/- per ticket	
USE OF MACHINERY AND EQUIPMENT			
		Filer	Non-Filer
236Q	For use or right to use of machinery and equipment	10.00%	10.00%
	For rent of machinery	10.00%	10.00%
ADVANCE TAX ON EDUCATIONAL RELATED EXPENSES			
		Filer	Non-Filer
236R	On education related expenses remitted abroad Education related expenses include tuition fee, boarding and lodging expenses and payment of distant learning to any institution or university in a foreign country or any other expense related to foreign education	5.00%	5.00%

Section	Nature of payment	Rate TY 2018-19	
WITHHOLDING TAX ON AMOUNT REMITTED ABROAD THROUGH CARDS			
		Filer	Non-Filer
236 Y	On Amount Remitted Abroad through Credit, Debit and Prepaid Cards	1.00%	3.00%

IMPORTANT POINTS AND EXPLANATIONS

- Withholding Tax is deductible at the time when amount is credited to the account of the recipient or when it is actually paid to him, whichever is earlier.
- Withholding Tax deduction has to be made unless a valid "Exemption Certificate" issued by Commissioner of Income Tax (FBR) is provided.
- A person deducting / collecting withholding tax shall provide a Certificate of Deduction of Tax to the person from whom deduction is made.
- Tax deducted or collected is required to be deposited into Government Treasury within seven days from end of each week ending on Sunday.