

TAX RATES FOR THE TAX YEAR 2022

TAX RATES FOR AOP & BUSINESS INDIVIDUALS

| | | |
|----|------------------------------|---|
| 1. | Upto Rs.400,000 | 0% |
| 2. | Rs.400,001 to Rs.600,000 | 5% of the amount exceeding Rs.400,000 |
| 3. | Rs.600,001 to Rs.1,200,000 | Rs.10,000 + 10% of the amount exceeding Rs.600,000 |
| 4. | Rs.1,200,001 to Rs.2,400,000 | Rs.70,000 + 15% of the amount exceeding Rs.1,200,000 |
| 5. | Rs.2,400,001 to Rs.3,000,000 | Rs.250,000 + 20% of the amount exceeding Rs.2,400,000 |
| 6. | Rs.3,000,001 to Rs.4,000,000 | Rs.370,000 + 25% of the amount exceeding Rs.3,000,000 |
| 7. | Rs.4,000,001 to Rs.6,000,000 | Rs.620,000 + 30% of the amount exceeding Rs.4,000,000 |
| 8. | Exceeding Rs.6,000,000 | Rs.1,220,000 + 35% of the amount exceeding Rs.6,000,000 |

TAX RATES FOR SALARIED INDIVIDUALS

| | | |
|-----|--------------------------------|---|
| 1. | Upto Rs.600,000 | 0% |
| 2. | Rs.600,001 to Rs.1,200,000 | 5% of the amount exceeding Rs.600,000 |
| 3. | Rs.1,200,001 to Rs.1,800,000 | Rs.30,000 + 10% of the amount exceeding Rs.1,200,000 |
| 4. | Rs.1,800,001 to Rs.2,500,000 | Rs.90,000 + 15% of the amount exceeding Rs.1,800,000 |
| 5. | Rs.2,500,001 to Rs.3,500,000 | Rs.195,000 + 17.5% of the amount exceeding Rs.2,500,000 |
| 6. | Rs.3,500,001 to Rs.5,000,000 | Rs.370,000 + 20% of the amount exceeding Rs.3,500,000 |
| 7. | Rs.5,000,001 to Rs.8,000,000 | Rs.670,000 + 22.5% of the amount exceeding Rs.5,000,000 |
| 8. | Rs.8,000,001 to Rs.12,000,000 | Rs.1,345,000 + 25% of the amount exceeding Rs.8,000,000 |
| 9. | Rs.12,000,001 to Rs.30,000,000 | Rs.2,345,000 + 27.5% of the amount exceeding Rs.12,000,000 |
| 10. | Rs.30,000,001 to Rs.50,000,000 | Rs.7,295,000 + 30% of the amount exceeding Rs.30,000,000 |
| 11. | Rs.50,000,001 to Rs.75,000,000 | Rs.13,295,000 + 32.5% of the amount exceeding Rs.50,000,000 |
| 12. | Exceeding Rs.75,000,000 | Rs.21,420,000 + 35% of the amount exceeding Rs.75,000,000 |

Note: 25% Reduction in Tax for full time Teacher except practicing doctors.

Note: Salary rate applicable where salary income exceeds 75% of total taxable income.

TAX RATES OF COMPANIES

| | |
|--------------------------|-----|
| Banking Company | 35% |
| Public & Private Company | 29% |
| Alternate Corporate Tax | 17% |
| Small Company | 21% |

DEDUCTION ON INCOME FROM PROPERTY U/S 155 FOR IND. & AOP

| | |
|----------------------------|---|
| Upto Rs.300,000 | NIL |
| Rs.300,001 to Rs.600,000 | 5.0% of the gross amount Exceeding Rs.300,000 |
| Rs.600,001 to Rs.2,000,000 | Rs.15,000 + 10.0% of the gross amount Exceeding Rs.600,000 |
| Exceeding Rs.2,000,000 | Rs.155,000 + 25.0% of the gross amount Exceeding Rs.2,000,000 |

DEDUCTION ON INCOME FROM PROPERTY U/S 155 FOR COMPANIES

The rate of tax to be deducted shall be 15% of gross amount of rent.

FINAL DISCHARGE OF TAX

| Nature of Payment | Section | Rate (ATL) |
|--|---------|---------------|
| Dividend | 150 | 7.5% to 25.0% |
| Exports | 154 | 1.0% |
| Prize Bond (Winning from raffle, lottery, quiz @ 20% u/s 156(2)) | 156(1) | 15.0% |
| Commission on Petroleum Products | 156A | 12.0% |

RATE FOR PROFIT ON DEBT - SECTION 7B

| | |
|---|-----|
| Ind. & AOP except Company where profit on debt does not exceed Rs.5,000,000 | 15% |
|---|-----|

TAXATION OF COTTON GINNERS ^{New}

Minimum Tax / Normal Tax above of 1% of total turnover from cotton lint, cotton seed, cotton seed oil and cotton seed cake shall be reduced. **Clause (17), Part III of 2nd Sch.**
Note: Total Income can be worked out through imputable formula. This clause is applicable onwards from Tax Year 2020 on cotton ginneries / composite units only.

SPECIAL TAX REGIME FOR SMALL & MEDIUM ENTERPRISES ^{New}

| Category | Opting NTR | Opting FTR |
|--|------------------------|-------------------------|
| Annual turnover does not exceeds Rs.100,000,000 | 7.5% of taxable income | 0.25% of gross turnover |
| Annual turnover exceeds Rs.100,000,000 but does not exceeds Rs.250,000,000 | 15% of taxable income | 0.5% of gross turnover |

Note: 1) Definition 2(59A), Section 100E & Fourteenth Schedule inserted vide Finance Act, 2021.

2) SME should be engaged in manufacturing as defined in clause (iv) of sub-section (7) of Section 153.

3) SME should be registered either with FBR or SMEA. (4) Section 113 shall not apply to SMEs.

5) Tax deducted u/s 153 shall not be minimum tax. (6) SMEs opting FTR will be excluded from audit u/s 177 and 214C. (7) NTR or FTR once opted will be irrevocable for next three years.

*** A word of caution:** Due care and caution has been taken to print this paper and if any error, mistake or mission is found to have crept in, the information would be gladly accepted and efforts would be made to remove the same in next time. for further detail please consult the relevant Law.

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ADJUSTABLE TAX

| Nature of Payment | Section | Rate (ATL) |
|-----------------------------|---------|------------|
| Profit on debt (Company) | 151 | 15.0% |
| Royalty to Resident Persons | 153(B) | 15.0% |

MINIMUM TAX

| Nature of Payment | Section | Rate (ATL) |
|---|-----------|---|
| Individuals & AOPs [having annual turnover Rs.100 Million or more] and Companies (Except otherwise specified) | 113 | 1.25% of Turnover |
| OMC, SSGCL, SNGPL, PIA & Poultry Industry | 113 | 0.75% of Turnover |
| Distributors of Pharma / FMCG / Cigarettes; Petroleum Agent (ST); Rice Mills & dealers; Flour Mills; Tier-I retailer of FMCG (POS); online market place; Sale & Purchase of used vehicles; Distributors, dealers, sub-dealers, wholesalers or retailers of FMCG, fertilizer, mobile phones (local), sugar, electronics excluding imported mobile phones, cement and edible oil (ATL in ST & IT) (24D) | 113 | 0.25% of Turnover |
| Oil refinery; Motorcycle dealers (ST); Ind Yarn Trader (28E) | 113 | 0.50% of Turnover |
| Goods Classified in Part-I of the Twelfth Schedule and manufacturers covered under SRO 1125(1)/2011 | 148 | 1.0% |
| Goods Classified in Part-II of the Twelfth Schedule | 148 | 2.0% |
| Goods Classified in Part-III of the Twelfth Schedule | 148 | 5.5% |
| Persons importing finished Pharmaceutical Products | 148 | 4.0% |
| Profit on debt exceeding Rs.5,000,000 (Ind & AOP) | 151 | 15.0% |
| Contracts by non-residents | 152(1A) | 7.0% |
| Sale of Goods including toll mfg. (Companies) | 153(1)(a) | 4.0% |
| Sale of Goods including toll mfg. (Other than Companies) | 153(1)(a) | 4.5% |
| Sale of cigarette and pharma products by distributors (24A); | 153(1)(a) | 1.0% |
| Sale of Rice, Cotton Seed Oil & Edible Oils | 153(1)(a) | 1.5% |
| Sale by distributors, dealers, sub-dealers, wholesalers and retailers of FMCG, fertilizer, electronics excluding mobile phones, sugar, cement and edible oil (ATL in IT & ST) (24C) | 153(1)(a) | 0.25% |
| Sale by manufacturer-cum-exporter (45); Purchase of used vehicle from general public (45B); Commercial Importer (47A) | 153(1)(a) | NA |
| Services (Companies) | 153(1)(b) | 8.0% |
| Services (Other than Companies) | 153(1)(b) | 10.0% |
| Transport Services, freight, air cargo, courier, hotel, security guards, manpower outsourcing, car rental, advertising excluding electronic & print media, software development, IT, tracking, building maintenance & allied. | 153(1)(b) | 3.0% |
| Electronics & Print Media advertising Services | 153(1)(b) | 1.5% |
| Local sales, supplies and services provided to textile, Carpets, leather, surgical and sports good - 5 Sectors (45A) | 153(1) | 1.0% |
| Local sales & services by yarn traders to 5 sectors (45A) | 153(1) | 0.5% |
| Contracts (Companies) | 153(1)(c) | 6.5% |
| Contracts (Other than Companies) | 153(1)(c) | 7.0% |
| Contracts (Sportspersons) | 153(1)(c) | 10.0% |
| Services of Stitching, Dyeing, Printing, Embroidery, Washing, Sizing & Weaving to Exporters or export house | 153(2) | 1.0% |
| Advertising Agents Commission | 233(1) | 10.0% |
| Life Insurance Agent Commission less than Rs.500,000 | 233(1) | 8.0% |
| Online Market Place - Section 2(38B) - Clause 28C | 233(1) | 5.0% |
| Brokerage & Commission (Other than above) | 233(1) | 12.0% |
| Electricity Bill For Ind. and AOP, upto higher of Tax calculated in formula is minimum and above tax is adjustable. | 235(4)(a) | Upto Bill Rs.360,000 P.A Upto Bill Rs.30,000 P.M |

* Tax collected u/s 148 is adjustable on import of goods on which tax is required to be collected at the rate of 1% or 2% by an industrial undertaking for its own use.

* Tax deducted u/s 153(1)(a) not be minimum in case of manufacturer or listed company.

* Tax deducted u/s 153(1)(c) is adjustable in case of listed company.

TRANSITIONAL ADVANCE TAX - Division II Part IV of First Schedule

| Nature of Payment | Section | Rate (ATL) |
|--|---------|------------|
| Sale by auction (right to collect tolls shall be final tax) | 236A | 10% |
| Sale or transfer of Immovable property (Minimum tax in case if property is acquired and disposed off within the same tax year) | 236C | 1.0% |
| Sale to distributors, dealers or wholesalers * | | |
| Fertilizers (Note: in case of ATL in ST & IT @ 0.25%) | 236G | 0.7% |
| Sale to distributors, dealers or wholesalers - Others | | 0.1% |
| Sale to retailers * | 236H | 0.5% |
| Educational Institution - Non ATL & annual fee > Rs.200,000 | 236I | 5% |
| Purchase of immovable property | 236K | 1% of FMV |
| Payment to resident for right to use machinery and equip | 236Q | 10% |

* 236G: Pharmaceuticals, poultry and animal feed, edible oil and ghee, auto-parts, tyres, varnishes, chemicals, cosmetics, IT equipment, electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector

* 236H: All categories of 236G above except Fertilizer which was omitted vide Finance Act, 2015

Note: All rates defined in this card for persons appearing in Active Taxpayer's List. In case of person not appearing in the ATL, the rate of tax required to be deducted or collected, as the case may be, shall be increased by 100% of the rate specified in First Schedule.

Exclusion: Above provision will not apply on withholding of following sections: Section 149, 152 other than sub-section (2A)(a),(b),(c), 152(2) read with clause (5A) & (5AA) of Part II of 2nd Sch., 154, 156B, 235, 236, 236I & 236Q.

TAX RATES FOR THE TAX YEAR 2022

GAIN ON IMMOVABLE PROPERTY U/S 37 (Part-I, Div-III, 1st Sch)

| | |
|---|------|
| Where the holding period does not exceed 1 year | 100% |
| Where the holding period exceeds 1 year but does not exceed 2 years | 75% |
| Where the holding period exceeds 2 year but does not exceed 3 years | 50% |
| Where the holding period exceeds 3 year but does not exceed 4 years | 25% |
| Where the holding period exceeds 4 years | 0 |

CALCULATION OF TAX ON GAIN OF IMMOVABLE PROPERTY

| | |
|---|------|
| Where the gain does not exceed Rs.5 million | 3.5% |
| Where the gain exceeds Rs.5 million but does not exceed Rs. 10 million | 7.5% |
| Where the gain exceeds Rs.10 million but does not exceed Rs. 15 million | 10% |
| Where the gain exceed Rs.15 million | 15% |

TAX ON BUILDERS - SECTION 7C

| | | | | | |
|-----------------------------------|-------------|--|-------------|--|-------------|
| (A) Karachi, Lahore and Islamabad | | (B) Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta | | (C) Urban Areas not specified in A and B | |
| For commercial buildings | | | | | |
| Rs.210/ Sq Ft | | Rs.210/ Sq Ft | | Rs.210/ Sq Ft | |
| For residential buildings | | | | | |
| Area in Sq.Ft | Rate/ Sq.Ft | Area in Sq.Ft | Rate/ Sq.Ft | Area in Sq.Ft | Rate/ Sq.Ft |
| up to 750 | Rs.20 | up to 750 | Rs.15 | up to 750 | Rs.10 |
| 751 to 1500 | Rs.40 | 751 to 1500 | Rs.35 | 751 to 1500 | Rs.25 |
| 1501 & more | Rs.70 | 1501 & more | Rs.55 | 1501 & more | Rs.35 |

TAX ON DEVELOPERS - SECTION 7D

| (A) Karachi, Lahore and Islamabad | | (B) Hyderabad, Sukkur, Multan, Faisalabad, Rawalpindi, Gujranwala, Sahiwal, Peshawar, Mardan, Abbottabad, Quetta | | (C) Urban Areas not specified in A and B | |
|-----------------------------------|-------------|--|-------------|--|-------------|
| For commercial buildings | | | | | |
| Rs.210/ Sq Yd | | Rs.210/ Sq Yd | | Rs.210/ Sq Yd | |
| For residential buildings | | | | | |
| Area in Sq.Yd | Rate/ Sq.Yd | Area in Sq.Yd | Rate/ Sq.Yd | Area in Sq.Yd | Rate/ Sq.Yd |
| up to 120 | Rs.20 | up to 120 | Rs.15 | up to 120 | Rs.10 |
| 121 to 200 | Rs.40 | 121 to 200 | Rs.35 | 121 to 200 | Rs.25 |
| 201 & more | Rs.70 | 201 & more | Rs.55 | 201 & more | Rs.35 |

TAX ON ELECTRICITY CONSUMPTION U/S 235 New

| | | |
|----|--|-------------------------|
| 1. | upto Rs.500 | Rs.0 |
| 2. | exceeds Rs.500 but does not exceed Rs.20,000 | 10% of the amount |
| 3. | exceeds Rs.20,000 | |
| | Commercial consumers | Rs.1,950 + 12% of above |
| | Industrial consumers | Rs.1,950 + 5% of above |
| | Domestic Electricity Consumption | |
| 1. | Less than Rs.25,000 | 0% |
| 2. | Rs. 25,000 or above | 7.5% |

Section 182(29) - Failure of declaration of Bank Accounts in registration application:

Such person shall pay a penalty of Rs.10,000 for each day of default since the date of submission of application of registration or date of opening of undeclared business bank account which ever is later. This clause is applicable from 1st day of Oct, 2021.

SALES TAX WITHHOLDING - ELEVENTH SCHEDULE

| | Withholding Agent | Supplier Category | Rate |
|----|--|--|--|
| 1. | (a) Federal and provincial government departments; autonomous bodies; and public sector organizations. (b) Companies as defined in the Income Tax Ordinance, 2001 | Active Taxpayers | 1/5th of Sales Tax shown on invoice |
| 2. | (a) Federal and provincial government departments; autonomous bodies; and public sector organizations. (b) Companies as defined in the Income Tax Ordinance, 2001 | Active taxpayers registered as a wholesaler, dealer or distributor | 1/10th of Sales Tax as shown on invoice |
| 3. | Federal and provincial government departments; autonomous bodies; and public sector organizations. | Person other than Active Taxpayer | Whole of the tax involved or as applicable to supplies on the basis of gross value of supplies |
| 4. | Companies as defined in ITO, 2001 | Person other than Active Taxpayer | 5% of gross value of supplies |
| 5. | Registered persons as recipient of advertisement services | Person providing advertisement services | Whole of Sales Tax applicable |
| 6. | Registered persons purchasing cane molasses | Person other than Active Taxpayer | Whole of Sales Tax applicable |
| 7. | Registered persons manufacturing lead batteries | Persons supplying any kind of lead under chapter 78 or scrap batteries under chapter 85. | 75% of the sales tax applicable |
| 8. | Online Market Place | Persons other than active taxpayers | 2% of gross value of supplies. Provided that the provisions of this entry shall be effective from the date as notified by the Board. |

Exclusion:

(a) Electrical energy (b) Natural Gas (c) Petroleum products as supplied by petroleum production and exploration companies, oil refineries, Oil Marketing Companies and dealers of motor spirit and high speed diesel (d) Vegetable ghee and cooking oil (e) Telecommunication services (f) Goods specified in the Third Schedule of the Sales Tax Act, 1990 (g) Supplies made by importers who paid value addition tax on such goods at the time of import (h) Supplies made by an Active Taxpayer as defined in the Sales Tax Act, 1990 to another registered persons with exception of advertisement services (i) Supply of sand, stone, gravel/crush and clay to low cost housing schemes or approved by Naya Pakistan Housing and Development Authority (j) electric vehicles (4 wheelers) CKD kits for small cars/SUVs, with 50 kwh battery (k) Electric vehicles (4 wheelers) small cars/SUVs (l) Electric vehicles (2-3 wheelers) (m) Motor cars of cylinder capacity upto 850cc.

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TAX ON MOTOR VEHICLE U/S 234

| Goods Transport Vehicle | | | Rate (ATL) | | |
|---|------------------|-----------|----------------------------------|------------------|------------|
| Laden weight is less than 8120 Kg | | | Rs.2.5 per kg | | |
| Laden wight is equal or greater than 8120 Kg (after 10 years) | | | Rs.1,200 p.a | | |
| Passenger transport vehicles plying for hire | | | | | |
| Seating capacity of 4 or more persons but less than 10 persons | | | Rs.50 per seat p.a | | |
| Seating capacity of 10 or more persons but less than 20 persons | | | Rs.100 per seat p.a | | |
| Seating capacity of 20 or more persons | | | Rs.300 per seat p.a | | |
| Other Private motor vehicle | | | Collected in lump sum (Clause 4) | | |
| 1. | upto 1000cc | Rs.800 | 1. | upto 1000cc | Rs.10,000 |
| 2. | 1001cc to 1199cc | Rs.1,500 | 2. | 1001cc to 1199cc | Rs.18,000 |
| 3. | 1200cc to 1299cc | Rs.1,750 | 3. | 1200cc to 1299cc | Rs.20,000 |
| 4. | 1300cc to 1499cc | Rs.2,500 | 4. | 1300cc to 1499cc | Rs.30,000 |
| 5. | 1500cc to 1599cc | Rs.3,750 | 5. | 1500cc to 1599cc | Rs.45,000 |
| 6. | 1600cc to 1999cc | Rs.4,500 | 6. | 1600cc to 1999cc | Rs.60,000 |
| 7. | Abvoe 2000cc | Rs.10,000 | 7. | Abvoe 2000cc | Rs.120,000 |

TAX ON PURCHASE, REGISTRATION & TRANSFER OF VEHICLE

| | Engine Capacity | 231B(1)(3) | 231B(2) | 231B(2A) |
|----|-------------------|------------|---------|----------|
| 1. | Upto 850cc | 7,500 | - | 50,000 |
| 2. | 851cc to 1000cc | 15,000 | 5,000 | |
| 3. | 1001cc to 1300cc | 25,000 | 7,500 | |
| 4. | 1301cc to 1600cc | 50,000 | 12,500 | |
| 5. | 1601 cc to 1800cc | 75,000 | 18,750 | |
| 6. | 1801cc to 2000cc | 100,000 | 25,000 | |
| 7. | 2001cc to 2500cc | 150,000 | 37,500 | |
| 8. | 2501cc to 3000cc | 200,000 | 50,000 | |
| 9. | Above 3000cc | 250,000 | 62,500 | |

Note: Tax collected u/s 231B(2A) shall be reduced by 10% each year from the date of registration.

PUNJAB AGRICULTURAL INCOME TAX ACT, 1997 New

1st Schedule: Slab of total cultivated land, computed rate of tax as per acre as irrigated land, by treating one acre of irrigated land as equal to two acre of un-irrigated land, excluding mature orchards.

| | | |
|----|--|-------------------|
| 1. | Not exceeding 12½ acres | Exempt |
| 2. | Exceeding 12½ acres but not exceeding 25 acres | Rs.300/- per acre |
| 3. | Exceeding 25 acres but not exceeding 50 acres | Rs.400/- per acre |
| 4. | Exceeding 50 acres | Rs.500/- per acre |
| | Mature orchards | |
| 1. | Irrigated | Rs.600/- per acre |
| 2. | Unirrigated | Rs.300/- per acre |

2nd Schedule: (The rate of tax on total agriculture income)

| | | |
|----|------------------------------|---|
| 1. | Upto Rs.400,000 | 0% |
| 2. | Rs.400,001 to Rs.800,000 | Rs.1,000 |
| 3. | Rs.800,001 to Rs.1,200,000 | Rs.2,000 |
| 4. | Rs.1,200,001 to Rs.2,400,000 | 5% of the amount exceeding Rs.1,200,000 |
| 5. | Rs.2,400,001 to Rs.4,800,000 | Rs.60,000 + 10% of the amount exceeding Rs.2,400,000 |
| 6. | Exceeding Rs.4,800,000 | Rs.300,000 + 15% of the amount exceeding Rs.4,800,000 |

MINIMUM TAX - TAX YEAR 2021

| Nature of Payment | Section | Rate (ATL) |
|---|---------|-------------------|
| Trader having turnover upto 100 Million Rupees in TY 2020, if tax liability of TY 2019 & 2020 shall not be less than tax paid for TY 2018. (28D). | 113 | 0.50% of Turnover |

RATE FOR PROFIT ON DEBT - SECTION 7B - TAX YEAR 2021

| | |
|--|-------|
| Where profit on debt does not exceed Rs.5,000,000 | 15% |
| Where profit on debt exceeds Rs.5,000,000 but not exceed Rs.25,000,000 | 17.5% |
| Where profit on debt exceeds Rs.25,000,000 but does not exceed Rs.36,000,000 | 20% |

With compliments from

Asif Iqbal

Enrolled as an Advocate on 13th March 2015 later on as an Advocate High Court on 30th March, 2017. Appointed as Vice Chairman Tax & Corporate Law Performs Committee Lahore Year 2020-2021. Appointed as Senior Vice President Lahore Bar Association Of Tax & Corporate Committee Year 2020. Appointed as Chairman Of Tax Law Reforms Committee by Lahore Bar Association Year 2022. Appointed as Chairman of Tax Committee by Lahore Tax Bar Association Year 2022.

Help Law Associates

Location: Office # 6 OR 9 2nd Floor Hejvairy Shopping Center Chauburji, Lahore
Tel: 042-37410867 E-Mail: helplawtax@gmail.com