

# Brief on Finance Act 2024



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# Foreword

This document introduces an explanation of important changes to the federal excise tax, income tax, and sales tax (Islamabad Capital Territory (Tax on Services) Ordinance and Customs Duty Act of 2001).

The National Assembly has approved the Finance Bill 2023 tabled on 9<sup>th</sup> June 2023 on 25<sup>th</sup> June 2023 with certain changes in the original Finance Bill,

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# Sales Tax Act, 1990

## Scope of Tax Fraud to be widened

1. Tax Fraud shall now be defined as:

(37) "tax fraud" means intentionally understating or underpaying the tax liability or overstating the entitlement to tax credit or tax refund in contravention of duties or obligations imposed under this Act by way of submission of false return, statements or false documents or withholding of correct information to cause loss of tax and includes-

- (a) suppression of supplies that are chargeable to tax under this Act;
- (b) false claim of input tax credit;
- (c) making taxable supplies of goods without issuing any tax invoice, in violation of the provisions of this Act or the rules made thereunder;
- (d) issuance of any tax invoice without supply of goods leading to inadmissible claim of input tax credit or refund;
- (e) evasion of tax by availing undue input tax credit or obtaining inadmissible refund by any means or methods other than that covered under clauses (a) to (d);
- (f) collection of any amount as tax but failing to deposit the same in the prescribed manner beyond a period of three months from due date of payment of tax;
- (g) causing falsification of invoice or substitution of financial records or production of fake accounts or documents or furnishing of any false information through human, mechanical or electronic means with an intention to evade tax due or claim inadmissible refund;
- (h) tampering with or destroying of any material evidence or documents required to be maintained under this Act or the rules made thereunder through human or digital means;
- (i) acquisition, possession, transportation, disposal or in any way removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner dealing with, any goods in respect of which there are reasons to believe that these are liable to confiscation under this Act or the rules made thereunder.
- (j) making of taxable supplies without getting registration under this Act; or
- (k) intentional doing of any act or causing to do an act or omitting to take any action or causing the omission to take any action to cause loss of tax under this Act.

**Explanation.** – Any act or omission mentioned in this clause shall be treated as intentional unless the person accused of tax fraud proves that he had no intention, motive, knowledge, or reason to believe that he was committing a tax fraud."



## Sales tax on advance payment

2. Sales tax on advance received against supplies is reintroduced. (2(44)).

## Introduction of Best Judgment Assessment

3. Act has introduced concept of best judgment assessment in consistency with the Income Tax Ordinance, 2001. (Section 11D) Office is empowered to pass assessment order in the following cases:
  - a. Person fails to submit sales tax return upon notice under section 26(2A);
  - b. Person does not submit record required by the Officer not below the rank of Assistant Commissioner under section 25 or 38A. Officer is empowered to disallow input if person is unable to provide invoice or other relevant record.
  - c. Provisions of determination of minimum tax liability as already existing prior to this amendment shall be applicable notwithstanding the best judgment assessment.

## Exemption for residents of Tribal Areas

4. Exemption on supply and import of plant and machinery, equipment for installation in tribal areas and industrial inputs by industries located in tribal areas, which is due to expire on 30<sup>th</sup> June 2024 is now extended by one year.
5. Exemption on supply of electricity to residential and commercial consumers and industries which started industrial production before 31<sup>st</sup> March 2018 in tribal areas, which is due to expire on 30<sup>th</sup> June 2024 is now extended by one year.

## Assessment of short tax, no tax or erroneously refunded sales tax

6. This amendment empowers officer to pass order to recover tax unpaid or short paid, inadmissible input tax or refund, or unlawful refund obtained including by collusion or a deliberate act. Officer may disallow input on goods or services if the taxpayer is unable to provide a receipt, or invoice or other record of transactions. (Section 11E)

## Review of order of blacklisting by Chief Commissioner

7. The Chief Commissioner is empowered to call for documents and modify blacklisting order after providing opportunity of being heard to the person. (Section 21(5))



## Substituted Sales Tax Audit provisions

8. New provision for Sales Tax Audit have been substituted with previous ones. They are different from the previously issued provisions in respect to the following:
- Commissioner shall identify risk factors that require verification of input, output tax etc.
  - Commissioner is not required to deliberate on response from person against reasons communicated for audit before proceeding further.
  - Third party inquiry in respect of audit.

## Establishment of Wing for Tax Fraud Investigation

9. Tax fraud Investigation Wing-Inland Revenue shall detect, analyze, investigate, combat and prevent tax fraud. (Section 30AB)

## Filing of return on notice

10. Person is required to file return within 15 days of notice from Commissioner. **Notice may be issued within 15 years in case of tax fraud**, and 5 years in other cases. (Section 25(2A))

## Penalties – New and upward revision of existing rates

Section	Description	Penalty (Old)	Penalty (Revised)
<b>33 (1)(11)</b>	Any person who submits a false document destroy document or make false statement.	Rs. 25,000/- or 100% of tax involved whichever is higher & imprisonment on conviction up to 3 years or with fine extended to tax Invoices or both.	Rs. 25,000/- or 100% of tax evasion, whichever is higher. Upon conviction by as Special Judge, to imprisonment on conviction to 5 years if amount is less than 1 billion & if evaded amount exceeds one billion, Imprisonment can be up to 10 years alongwith fine equal to the tax evasion
<b>33 (1)(13)</b>	Any person who commits tax fraud abets or connives into commissioning.	Rs. 25,000/- or 100% of the amount of tax involved, whichever is higher & imprisonment on conviction of five years or fine of loss amount or both	<p>Rs. 25,000/- or 100% of the tax evaded or sought to be evaded, whichever is higher. &amp; Imprisonment of 5 years, if evaded amount is less than 1 billion &amp; 10 years if the tax evaded or sought to be evaded is 1 billion or above along with fines equal to amount evades.</p> <p>Abettor or conniver of tax fraud shall be liable, upon conviction, to imprisonment extended to 5 years if amount less than 1 billion &amp; if evaded amount is 1 billion or more, imprisonment up to 10 years</p>

			alongwith fine equal to the amount of tax evaded or sought to be evaded.
<b>33 (1) (25AA)</b>	Licensed integrator authorized to provide electronic invoicing system for integration fails to integrate such registered persons in the required manner	-	Such person shall be liable to pay penalty of rupees one million or one percent of the total value of the sales suppressed, whichever is higher.

## Revision in rate of default surcharge

11. Default surcharge rate has been revised to the higher of:

- Twelve per cent per annum or
- KIBOR plus three per cent per annum

## Clarification on cash transaction not admissible

12. Amendment seeks to allow Rs. 50,000/- cash payment limit for a month's limit per supplier per month in aggregate.

## Schedules

### Third Schedule

13. **DAP** (fertilizer) was subject to 5% reduced sales tax (Eighth Schedule). It is now taxable under third schedule @ 18% MRP.

### Fifth Schedule

14. Following zero rating benefits now stand omitted: (Now subject to reduced rate, discussed later in this document)

- Infant's products etc.
- Writing, drawing and marking inks
- Drawing, marking out or mathematical calculating instruments, geometry box
- Pens, ball pens, markers and porous tipped pens, Pencils including colour pencils, pencil sharpeners, colors in sets

### Sixth Schedule – Table-1: exemption on local supply or import of goods

15. Exemption withdrawn

Following exemptions now stand withdrawn:

- Vegetables from Afghanistan
- All fruits from Afghanistan
- Colors in sets, Writing, drawing and making inks, Erasers, Pencil sharpeners, Other drawing, marking out or mathematical calculating instruments (geometry box), Pens, ball pens, markers and porous tipped pens,





Pencils including color pencils (**reduced rate applicable**)

- IV. Certain diagnostic kits or equipment (Sr 120)
- V. Oil cake and other solid residues
- VI. Tractor
- VII. Machinery and equipment as listed at serial number 32 of the Table of Part-I of Fifth Schedule to the Customs Act, 1969 (IV of 1969)
- VIII. Local supply

16. Exemptions period extended:

- I. Exemption on supply of electricity in tribal areas as well as other exemptions related to tribal areas have been extended by one more year.
- II. Clearance from Customs on import of plant and machinery intended for tribal areas is now made subject to presentation of pay order. Previously post-dated cheque was allowed for clearance.

17. New addition in the Schedule (Sr 175-180)

Following imports and supplies are to be exempted from sales tax:

- I. The new insertion seeks exemption on Imports of goods received in the event of a national disaster etc. or goods received as gift or donation from a foreign government under certain conditions.
- II.
- III. Further, the Ministry Incharge and Federal Board of Revenue will verify the authenticity of donated goods, ensuring they are only sold, utilized, or disposed of for their imported purpose.
- IV.
- V. POL Products: 1. MS Petrol 2. High Speed Diesel Oil 3. Kerosene 4. Light Diesel Oil
- VI. Supply of electricity to Azad Jammu and Kashmir
- VII. Import of gold under entrustment scheme under SRO 760(I)/2013
- VIII. Import of cystagon, cysta drops and trientine capsules (for personal use only)
- IX. Bovine semen

Sixth Schedule – Table-II: exemption on local supply

18. Exemption withdrawn

Following exemptions now stand withdrawn:

- I. Tax exemption on certain retail bakery items i.e., vermicillies, Sheer mal, Bun and rusk, etc. (not being sold in Tier-1 Retailer shops) These are now chargeable at a reduced rate of 10%.



- II. Poultry feed, cattle feed, sunflower seed meal, rape seed meal and canola seed meal. These are now chargeable at a reduced rate of 10%.
- III. Milk sold under a brand name, or milk supplied by corporate dairy farms is subject to reduced rate of 10%
- IV. Supply of commodities, raw materials, components, plant and machinery and parts to registered exporters authorized under Export Facilitation Scheme, 2021.

19. New exemptions introduced

- I. Milk excluding:
  - o That sold under a brand name; or
  - o Supplied by corporate dairy farms
- II. Iron and steel scrap excluding:
  - o Supplied by manufacturer-cum-exporter of recycled copper, authorized under Export Facilitation Scheme, 2021

Eight Schedule – Table-I: Reduced rate

20. The reduced sales tax rate on the following goods have been withdrawn:

- I. Omission of existing headings
  - o LPG
  - o POS integrated outlets of certain textile and leather articles
- II. Now supply of above goods is subject to normal sales tax rate.

21. Escalation in reduced sales tax rate

Tax rate increased from to 10% now in case of imported personal computers and Laptop computers, notebooks. Previously it was chargeable to 5%.

22. Introduction of reduced rate on:

10% reduced rate is now applicable on:

- o Colors in sets, Writing, drawing and marking inks, Erasers, Pencil sharpeners, other drawing, marking out or mathematical calculating instruments (geometry box), Pens, ball pens, markers and porous tipped pens, Pencils including color pencils
- o Oil cake and other solid residue,
- o Tractors,
- o Local supply of vermicillies, sheer mal, bun and rusk excluding those sold in bakeries, and sweet shops falling in the category of Tier-1 retailers,
- o Local supply of poultry feed, cattle feed, sunflower seed meal, rape seed meal and canola seed meal

Ninth Schedule – Table-II: Mobile phones to be taxed at standard rate:

23. Tax rate on Mobile phones is enhanced at the standard rate, except for those valued over US\$ 500, which will continue to be taxed at the existing rate of 25%.

Eleventh Schedule: Withholding of Sales Tax

24. Eleventh schedule has been amended as follows:



- I. The rate of withholding tax has been increased from 75% to 80% of the amount of sales tax on lead batteries.
- II. Now, registered persons are required to withhold 80% of the sales tax even in case of Active status of supplier, in the following cases:
  - o Persons supplying any kind of gypsum under chapter 25 (PCT headings 2520.1010, 2520.1020, 2521.0000) or limestone flux under chapter 25 (PCT headings 2520.1010, 2520.1020, 2521.0000).
  - o Persons supplying any kind of waste of paper and paper board (Respective headings).
  - o Persons supplying any kind of plastic waste (Respective headings).
  - o Persons supplying coal, crush stone and silica
- III. Following supplies made by Active Taxpayer to another registered person are now subject to withholding sales tax:
  - o Registered person as recipient of advertising services
  - o Registered person manufacturing lead batteries and purchasing lead and other related items.

## Income Tax

### Tax on Individuals/Partnerships earning more than Rs. 10 million

1. Surcharge on income of individuals and association of persons is payable @ 10% of the income tax calculated under Division I of Part I of First Schedule where taxable income exceeds Rs. 10 million. Employer is required to consider this tax while calculating tax deduction on salary. (4AB, 149)

### Tax on builders and developers

2. Tax on builders and developers is introduced. Taxable profit calculation is based on a percentage of receipts basis ranging from 10% to 12%. Where taxpayer's taxable income calculated under section 9 is more than the method above, taxpayer may take credit the income subject to payment of tax on that taxable income.

### Statutory Audit requirement for partnerships

3. Share of profit from AOP having turnover 300m or more in current or any past tax years made taxable in the hands of partners if the audited accounts of AOP are not filed at the time of filing of income tax return. Section 92(1)

### Late Income Tax Active Taxpayers

4. New category of persons who file late income tax return is introduced. Percentage of advance tax on sale and purchase of immovable property is prescribed being higher than the normal percentage.





## Disallowance of brand fee paid to Associate

5. Disallowance of 25% of expenditure paid to an Associate for the current or any of past two tax years for use of brand name, franchise etc. from tax year 2024 onwards if such taxpayer fails to furnish any explanation or evidence that no benefit has been conferred on the associate. Such amount shall be allocated to the such Associate. (Section 108)

## Restriction on foreign travel for non-ATL persons

6. In order to enforce filing of income tax return, ban on foreign travel for Pakistani citizens is imposed for non-ATL persons. Exclusions include: NICOP holders, minors, students, hajj and umrah travelers. (Section 114B(2))

## Assessment based on sectoral benchmarks

7. The Commissioner has been empowered to determine taxable income for making a best judgment assessment order based on the sectoral benchmark ratios prescribed by the Board. (Section 117(1A))

## Conditional clubbing of assets with Spouse

8. Assets of a **Dependent** spouse can be clubbed in Husband's wealth statement only. (Section 116)

## Transfer of appeal cases

9. Transfer of pending cases (through The Tax Laws Amendment Act, 2024) from Commissioner (Appeals) to Appellate Tribunal Inland Revenue (ATIR) which was due on 16-June-2024, is postponed to 31-December-2024. (Section 126A (4))

## Enhanced turnover assumption if Advance tax estimate not filed

10. Taxpayers are required to submit and pay quarterly, estimated advance tax. In case of the failure to submit the estimate, the turnover assumption for the computation of advance tax by the officer @ 120% of the latest tax year. It was 110% before the amendment.

## Rejection of lower advance tax estimate by Commissioner

11. In case of decline in previous estimate of advance tax, the Commissioner is empowered to reject the taxpayer's estimate in case of failure to provide supporting evidence of expenses, tax paid, computation of tax, breakup of quarterly turnover. (Section 147(6B)).

## Advance tax paid by exporter made minimum

12. Exporter has been burdened with increase in advance tax rate from previously 1% Final to 2% minimum. (Section 154(4), 168(3)(e)).



## Exemption certificate requirement on payment to a PE

13. In case of payment to a PE in Pakistan or to a non-resident person or local payment against goods and services, payer may apply for reduced rate certificate which shall not be less than 80% of the standard rate. (152(4A) 153)

## Collection of advance tax on property sale – exemption extended

14. Exemption on collection of advance tax on sale of immovable property is now extended to an in-service war wounded person of armed forces or Federal or Provincial Government, serving and ex-employees of Federal or Provincial Government.

## Enforcement measures for discontinued business return filing

15. A penalty for non-filing of income tax return on notice in case of a discontinued business is imposed being higher of:
- 0.1% of tax payable in respect of that tax year for each day of default;
  - Rs.1,000 daily, minimum Rs.10,000 in case of individual and Rs.50,000 for others;

## Enforcement of registration in Tajir Dost Scheme

16. A penalty for non-registration in Tajir Dost Scheme introduced under SRO 457(I)/2024 dated 30-03-2024 is set. Seal of shop for 7 days in case of first default and 21 days in case of subsequent default. Non-registration is declared a punishable offence with imprisonment up to 6 months or a fine or both. (Section 191B)

## Enforcement measures for return filing

17. To enforce income tax return filing, measures were introduced vide Finance Act, 2022 which included disabling of mobile phones, electricity and gas connections. Penalty is imposed for mobile operators and utility companies who fail to enforce the order amounting to Rs. 50 million and Rs. 100 million for first and second default respectively. This penalty is effective after Board's notification.

## Payment of advance tax on purchase of shares

18. Advance tax @ 10% of the FMV on purchase of shares of a company was introduced vide the Finance (Supplementary) Act, 2023. A penalty for non-compliance of this provision being 50% of the tax involved is set. (Section 37(6))

Before amendment, advance tax was payable at the time of payment against purchase. It is now to be paid at the earlier of:

- Payment against purchase
- Registration of transfer with SECP; or
- Registration of transfer with SBP.

## Revision in rate of default surcharge

19. Default surcharge (Section 205) rate has been revised to the higher of:

- Twelve per cent per annum or
- KIBOR plus three per cent per annum

## Advance tax on distributors/dealers/wholesalers extended to all sectors

20. Advance tax on sale of specific category of goods from manufacturer/importer to distributors/dealers/wholesalers ranging from 0.25% to 0.7% is payable. List of the specific category is extended to all sectors. (Section 236G)

## Advance tax on retailers extended to all sectors

21. Advance tax on sale of specific category of goods from manufacturer/importer to retailers @ 0.5% is payable. All sectors now included. (Section 236H)

## Increase in tax rate for salaried taxpayers:

Sr	Taxable income (Rs.)	Previous Rates	Revised Rates
1.	Upto 600,000	-	-
2.	Exceeding 600,000 upto 1.2m	2.5% of the amount exceeding 600,000	5% of the amount exceeding 600,000
3.	Exceeding 1.2m upto 2.2m	15,000 + 12.5% of the amount exceeding 1.2m	30,000 + 15% of the amount exceeding 1.2m
4.	Exceeding 2.2m upto 2.4m	210,000 + 12.5% of the amount exceeding 2.2m	180,000 + 25% of the amount exceeding 2.2m
5.	Exceeding 2.4m upto 3.2m	165,000 + 22.5% of the amount exceeding 2.4m	230,000 + 25% of the amount exceeding 2.4m
6.	Exceeding 3.2m upto 3.6m	345,000 + 22.5% of the amount exceeding 3.2m	430,000 + 30% of the amount exceeding 3.2m
7.	Exceeding 3.6m upto 4.1m	435,000 + 27.5% of the amount exceeding 3.6m	550,000 + 30% of the amount exceeding 3.6m
8.	Exceeding 4.1m upto 6m	572,500 + 27.5% of the amount exceeding 4.1m	700,000 + 35% of the amount exceeding 4.1m
9.	Exceeding 6m	1,095,000 + 35% of the amount exceeding 6m	1,365,000 + 35% of the amount exceeding 6m

22. Impact of the above change is:

Annual taxable income	Tax Year 2024	Tax Year 2025	Increase in tax	Increase %
600,000	-	-	-	-
1,200,000	15,000	30,000	15,000	1.25%



<b>2,200,000</b>	140,000	180,000	40,000	1.82%
<b>2,400,000</b>	165,000	230,000	65,000	2.71%
<b>3,200,000</b>	345,000	430,000	85,000	2.66%
<b>3,600,000</b>	435,000	550,000	115,000	3.19%
<b>4,100,000</b>	572,500	700,000	127,500	3.11%
<b>6,000,000</b>	1,095,000	1,365,000	270,000	4.50%
<b>8,000,000</b>	1,795,000	2,065,000	270,000	3.38%
<b>10,000,000</b>	2,495,000	2,765,000	270,000	2.70%
<b>12,000,000</b>	3,195,000	3,465,000	270,000	2.25%
<b>15,000,000</b>	4,245,000	4,515,000	270,000	1.80%

### Increase in tax rate of non-salaries taxpayers:

Sr	Taxable income	Existing Rates	Revised Rates
1.	Upto Rs 600,000	Rs. 0	Rs. 0
2.	Exceeding Rs 600,000 upto Rs 800,000	7.5% of the amount exceeding Rs 600,000	15% of the amount exceeding Rs 600,000
3.	Exceeding Rs 800,000 upto Rs 1,200,000	15,000 + 15% of the amount exceeding Rs 800,000	15% of the amount exceeding Rs 800,000
4.	Exceeding Rs 1,200,000 upto Rs 1,600,000	75,000 + 20% of the amount exceeding Rs 1,200,000	90,000 + 20% of the amount exceeding Rs 1,200,000
5.	Exceeding Rs 1,600,000 upto Rs 2,400,000	155,000 + 20% of the amount exceeding Rs 1,600,000	170,000 + 30% of the amount exceeding Rs 1,600,000
6.	Exceeding Rs 2,400,000 upto Rs 3,000,000	315,000 + 25% of the amount exceeding Rs 2.4m	410,000 + 30% of the amount exceeding Rs 2,400,000
7.	Exceeding Rs 3,000,000 upto Rs 3,200,000	465,000 + 30% of the amount exceeding Rs 3m	590,000 + 30% of the amount exceeding Rs 3,000,000
8.	Exceeding Rs 3,200,000 upto Rs 4,000,000	525,000 + 30% of the amount exceeding Rs 3.2m	650,000 + 40% of the amount exceeding Rs 3,200,000
9.	Exceeding Rs 4,000,000 upto Rs 5,600,000	765,000 + 35% of the amount exceeding Rs 4m	970,000 + 40% of the amount exceeding Rs 4,000,000
10.	Exceeding Rs 5,600,000	1,325,000 + 35% of the amount exceeding Rs 5.6m	1,610,000 + 45% of the amount exceeding Rs 5,600,000 Provided that in the case of an association of persons that is a professional firm prohibited from incorporating by any law or the rules of the body regulating their profession, the 45% rate of tax mentioned against serial number 6

of the Table shall be  
40%.

### 23. Impact of the above change is:

Annual taxable income	Tax Year 2024	Tax Year 2025	(Rupees)	Tax Rate increase
600,000	-	-	-	-
800,000	15,000	30,000	15,000	1.88%
1,200,000	75,000	90,000	15,000	1.25%
1,600,000	155,000	170,000	15,000	0.94%
2,400,000	315,000	410,000	95,000	3.96%
3,000,000	465,000	590,000	125,000	4.17%
3,200,000	525,000	650,000	125,000	3.91%
4,000,000	765,000	970,000	205,000	5.13%
5,600,000	1,325,000	1,610,000	285,000	5.09%
6,000,000	1,465,000	1,790,000	325,000	5.42%
8,000,000	2,165,000	2,690,000	525,000	6.56%
10,000,000	2,865,000	3,590,000	725,000	7.25%
12,000,000	3,565,000	4,490,000	925,000	7.71%
15,000,000	4,615,000	5,840,000	1,225,000	8.17%

### Other changes in tax rates:

Section	Description		Previous	Revised
5	Dividend income from Mutual Funds deriving 50% or more income from profit on debt		15%	25%
37A	Disposal of securities	Holding period	Upto 30-06-2024	After 30-06-2024
		Not more than a year	15%	15% irrespective of holding period, if person is appearing in ATL list at acquisition and disposal dates. For others, rates mentioned in Division I and II
		2 years	12.5%	
		3 years	10%	
		4 years	7.5%	
		5 years	5%	
		6 years	2.5%	
		Exceeding 6 years	0%	
		PMEx future commodity	5%	
	Capital gain on Mutual fund, collective investment scheme or REIT scheme	Individual or AOP	10%	15%
		Company	10% - stock funds 25% - other funds	15% - stock funds 25% - other funds
		If dividend receipts < capital gains	12.5%	15%
			Properties acquired before 1/07/2024	Acquired on or after 1/07/2024
37(1A)	Gain on sale of	Holding period	Plots	Constructed property

	immovable property	Not more than one year	15%	15%	15% for persons appearing in ATL at the time of disposal.  For individuals and AOPs and companies not appearing in ATL, rates specified in Division I and II. Minimum rate shall be 15% for Non-ATL persons.
		Not more than 2 yrs	12.5%	7.5%	
		Not more than 3 yrs	10%	0	
		Not more than 4 yrs	7.5%	0	
		Not more than 5 yrs	5%	0	
		Not more than 6 yrs	2.5%	0	
		More than 5 yrs	0%	0	

#### Rate of withholding taxes amended:

Section	Description	Previous rate	Revised rate
<b>153(1)(a)</b>	Toll manufacturing-Company	-	9%
	Toll manufacturing-Others	-	11%
<b>154</b>	Exports	1%	2% effective rate
<b>147(6C)</b>	Internet, mobile, prepaid internet card in case of persons mentions in ITGO issued u/s 114B	15%	75%
<b>231B</b>	<b>Registration of motor vehicle</b>	<b>Previous rate</b>	<b>Revised rate</b>
	Upto 850cc	Rs. 10,000	0.5% of the value
	851 to 1000cc	Rs. 20,000	1% =
	1001 to 1300cc	Rs. 25,000	1.5% =
	1301 to 1600cc	Rs. 50,000	2% =
	1601 to 1800cc	Rs. 150,000	3% =
	1801 to 2000cc	Rs. 200,000	5% =
	2001 to 2500cc	6% of the value	7% =
	2501 to 3000cc	8% =	9% =
	Above 3000cc	10% =	12% =
<b>236C</b>	<b>Sale of immovable property</b>	<b>Previous rate</b>	<b>Revised rate</b>
	gross amount of the consideration received does not exceed Rs. 50 million	3%	3%
	exceeds Rs. 50 million but does not exceed Rs 100 million	3%	3.5%
	Consideration received exceeds Rs. 100 million	3%	4%
<b>151</b>	On yield or profit on debt	30%	35%
<b>236C</b>	consideration received on sale or transfer of immovable property	6%	10%
<b>236G</b>	sale to distributors, dealers or wholesalers other than sale of fertilizer.	0.5% - 1.4%	2%
<b>236H</b>	sale to retailers	1%	2.5%

24. For non-active taxpayer and later return filers advance tax payable on **purchase of immovable property** (section 236K) is amended as follows:



Sr	FMV of Immovable property	Previous ATL	Revised ATL	Revised Late ATL	Revised Non-ATL
1	Does not exceed Rs. 50 million	3%	3%	6%	12%
2	Exceeds Rs. 50 million but does not exceed Rs. 100 million	3%	3.5%	7%	16%
3	Exceeds Rs. 100 million	3%	4%	8%	20%

25. For non-active taxpayer and later return filers advance tax payable on **sale of immovable property** (section 236C) is as:

Sr	FMV of Immovable property	Previous ATL	Revised ATL	Revised Late ATL	Revised Non-ATL
1	Does not exceed Rs. 50 million	3%	3%	6%	10%
2	Exceeds Rs. 50 million but does not exceed Rs. 100 million	3%	3.5%	7%	10%
3	Exceeds Rs. 100 million	3%	4%	8%	10%

Provisions of this rule shall not apply to a person who has filed return by the due date for all of the last three tax years preceding the tax year for which the return has not been filed by the due date.

### Exemptions withdrawn/reduced:

Clause	Description
(102A)	Income of a person as represents a subsidy granted to him by the Federal Government for the purposes of implementation of any orders of the Federal Government in this behalf
(24A)	Withholding tax on distributors of cigarette is increased from 1% to 2.5%
Part II	
(2)	25% reduction in tax payable for fulltime teachers is retained. Earlier it was proposed to be withdrawn.
Part III	

### Exemptions inserted/extended:

Clause	Description
145A	Income of any individual domiciled or company and association of persons resident in the Tribal Area of KPK and Balochistan is extended to tax year 2025

## Federal Excise Duty

### Definition of "Board":

26. The existing definition of the Board has been substituted by a new definition as section 2(4) of the FED Act which shall have the meaning as defined under section 2(8) of the Income Tax Ordinance, 2001.

### Revision in rate of default surcharge

27. Default surcharge (Section 8) rate has been revised to the higher of:

- c. Twelve per cent per annum or
- d. KIBOR plus three per cent per annum



## Offences, penalties, fines and allied matters

28. Following amendments in section 19 of the FED Act:

29. A new provision has been added stipulating that anyone who installs, starts production, or removes plant and machinery valued at Rs. 50 million or more without prior permission from the Commissioner shall be considered in violation. Such actions constitute an offense punishable by a fine of up to Rs. 50,000 or five times the duty involved, whichever is greater. Additionally, offenders may face imprisonment for a term extending up to five years, or both.

If a retailer is discovered selling cigarette packs without correctly affixing tax stamps, banderoles, stickers, labels, or barcodes, whether genuine or counterfeit, their retail outlet may be sealed as prescribed, irrespective of any other provisions in the FED Act. (Section 19(10A))

## Tax Fraud Investigation Wing Inland Revenue

30. Establishment of Tax Fraud Investigation Wing Inland Revenue. The functions of the Tax Fraud Investigation Wing Inland Revenue shall be to detect, analyze, investigate, combat and prevent tax evasion and fraud. (Section 29A)

## Appeals to Commissioner (Appeals)

31. Threshold for the appeal to be filed with the Commissioner (Appeals) has been clearly defined. If the value of the assessment or, as the case may be, refund of the tax does not exceed Rs. 5 million in that case appeal can be filed with Commissioner (Appeals). (Section 33)

Further, the word assessment has been enacted as assessment of tax with all other provisions consistent as before.

## Saving

32. Savings have been provided to:
- o The limitation period specified under section 34(1) of the FED Act of making an appeal to Appellate Tribunal Inland Revenue for 60 days of the receipt of such decision or order, and
  - o under section 34A(1) of the FED Act of making an appeal to the High Court in 90 days of the communication of the order of Appellate Tribunal Inland Revenue.

It has been enacted that it shall continue to apply where any decision of the Commissioner (Appeals) or the Appellate Tribunal is received prior to the date of commencement of the Tax Laws (Amendment) Act, 2024.

## Amendments in the First Schedule.

33. Following changes in the First Schedule Table - I of the FED Act:

Sr	Description	Duty
1	Acetate tow	Rs. 44,000 / kg
2	E-liquids by whatsoever name called, for electric cigarette kits.	Higher of: Rs. 10,000 / kg or 65% of Retail price

3	Nicotine pouches	Rs. 1,200 per kg
4	Locally produced cigarettes if their on-pack printed retail price exceeds Rs. 12,500 per thousand cigarettes.	s. 16,500 / 1,000 cigarettes
5	Locally produced cigarettes if their on-pack printed retail price does not exceed Rs. 12,500 per thousand cigarettes.	Rs. 5,050 / 1,000 cigarettes
6	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not colored or in the form of clinkers	Rs. 4 / kg
7	Filter rod for cigarettes	Rs. 80,000 / kg
8	Lubricating oil	5% ad valorem

Following additional amendments have been made:

Manufacturers or importers of cigarettes are prohibited from launching or selling a new variant under an existing brand family at a price lower than the current lowest priced variant within that brand family, as determined on the day the annual budget is announced

Minimum price. — No brand shall be priced and sold at a retail price (excluding sales tax) lower than 55% of the retail price under column (2) against serial number 9 of Table-I of the First Schedule to this Act. (Previously it was 60%)

34. Following changes in the First Schedule Table - II of the FED Act:

Sr	Description	Previous rates (Rs.)	Revised rates (Rs.)
1	Air Travel on economy and economy plus	5,000	12,000
2	For IATA Traffic Conference Area 1 (North, Central, South America and Environs)	250,000	350,000
3	IATA Traffic Conference Area 2 (Middle East and Africa)	75,000	150,000
4	IATA Traffic Conference Area 2 (Europe)	150,000	210,000
5	IATA Traffic Conference Area 3 (Far East, Australia, New Zealand and Pacific Islands)	150,000	210,000

35. Following additions in the First Schedule Table - III of the FED Act:

Sr	Description	Rate
1	Allotment / transfer of commercial or residential property or first transfer of open plots by developer / builder in the manner/mode prescribed by the Board	3% of the gross amount for Income Tax ATL taxpayers; 5% for late income tax return filer; 7% for persons not appearing in Income tax ATL.
2	Supply of white crystalline sugar to a manufacturing or packaging or processing entity	Rs. 15/kg

36. Following additions in the Third Schedule of the FED Act (Exemptions):

Sr	Description	HS Code
23.	Imports made by diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts, Orders, Rules, Regulations and Agreements passed by the Parliament or	99.01, 99.02 and 99.05.”.



issued or agreed by the Government of  
Pakistan

## Capital Value Tax 2022

Following additions have been made in Capital Value Tax 2022 introduced under the Finance Act 2022 (Section 8)

Sr	Description	Area	CVT payable
1	Farmhouses located in Islamabad Capital Territory (ICT)	2,000 to 4,000 square yards	Rs. 500,000
		more than 4,000 square yards	Rs. 1,000,000
2	Residential house in ICT	1,000 to 2,000 square yards	Rs. 1,000,000
		more than 2,000 square yards	Rs. 1,500,000