
	<b>GOVERNMENT OF PAKISTAN</b> <b>OFFICE OF THE</b> <b>ASSISTANT COMMISSIONER (IR)</b> <b>UNIT-51, WITHHOLDING ZONE</b> <b>REGIONAL TAX OFFICE, PESHAWAR</b>	
---	---	---

No. 44

Post Paid Booked  
Peshawar G.P.O

Dated: 16-08-2022



To

The Principal Officer,  
 KHYBER GIRLS MEDICAL COLLEGE HMC PESHAWAR,  
 Khyber Girls Medical College, PDA Building, Phase 5, Hayatabad, Peshawar.

**SUBJECT: IMPLEMENTATION OF WITHHOLDING SECTIONS – INTIMATION REGARDING**

Please refer to the subject cited above.

The Finance Act, 2022 has brought about certain amendments in the Income Tax Ordinance, 2001 (the Ordinance, hereafter). Some significant amendments are intimated/explained (as per Circular 15 of 2022-23) hereby to your good office for correct implementation of the same as under:

**1. Advance Tax on Sale/Transfer u/s (236C) or Purchase of Immovable Property ( 236K)**

- (i) The rate of advance tax on sale or transfer and on purchase or transfer of immovable property has been enhanced from 1% to **2%**. Moreover, sub-section (3) of section 236C has been omitted. Now advance tax on sale or transfer of immovable property will be collected under this section irrespective of holding period.
- (ii) In case of purchaser of immovable property who is **not appearing on the active taxpayers list**, rate of tax to be collected under section 236K will increase by **two hundred and fifty percent of the rate** specified in Division XVIII of Part IV of First Schedule. Necessary change has been incorporated in rule 1 of Tenth Schedule to the Ordinance.

**Explanation (Change in rates for Tax Collection under section 236C and 236K)**

S #	Section	Previous rates		New rates effective from 01.7.2022		
		ATL	Non-ATL	ATL	Non-ATL	Non-Residents with NICOP or POC
1	236C	1%	2%	2%	4%	2%
2	236K	1%	2%	2%	7%	2%

**Explanation (Change in rates for Tax Collection under section 236I)**

- (i) Section 236I has been omitted through Finance Act, 2022. Hence, no advance tax u/s 236I may please be collected.

**2. Capital Gain on Disposal of Immoveable Properties and Other Capital Assets**

Earlier, the gain arising on the disposal of immovable property after the holding period of 4 years was exempt from tax. Now the holding period concession will separately apply which for open plots

Accounts  
29/8



is six years, for constructed property is four years and for flats is two years. Further, whole amount of gain on disposal of immovable property will be taxable at graduated rates provided in Division VIII of Part I of First Schedule of the Ordinance given as under:

S.No	Holding Period	Rate of Tax (in percentage)		
		Open Plots	Constructed Property	Flats
1	Where the holding period does not exceed one year	15	15	15
2	Where the holding period exceeds one year but does not exceed two years	12.5	10	7.5
3	Where the holding period exceeds two years but does not exceed three years	10	7.5	0
4	Where the holding period exceeds three years but does not exceed four years	7.5	5	-
5	Where the holding period exceeds four years but does not exceed five years	5	0	-
6	Where the holding period exceeds five years but does not exceed six years	2.5	-	-
7	Where the holding period exceeds six years	0	-	-

The concessional taxation regime for capital gains has been made applicable only to disposal of immovable properties situated in Pakistan. The benefit of holding period and concessional rate of tax is not available in respect of capital gains arising on disposal of immovable property situated outside Pakistan.

Furthermore, to streamline capital gains taxation regime, the concessions earlier available under sub-sections (3) and (3A) of section 37 in terms of reduction in capital gain by certain percentages on disposal of capital assets held for more than one year has been withdrawn. Sub-section (4A) of section 37 has been omitted. Accordingly, non-recognition provision of section 79 will apply to determine the cost of acquisition on transfer of capital asset under the circumstances contained therein.

### **3. Automated System of Collection and Deduction of Withholding Taxes**

Currently, withholding agents are required to collect and deduct tax at the time of making payment and deposit the same in government treasury within the prescribed time period. Similarly, withholding agents are required to file quarterly and annual withholding statements which consume time and resources of taxpayers leading to increased compliance cost. Moreover, certain large withholding tax agents like banks, DISCOs, TELCOs, Government institutions etc. are still depositing tax through a single payment receipt for multiple taxpayers. In order to streamline withholding tax collection and deduction mechanism, enabling provision for the placement of a fully automated system by the name Synchronized Withholding Administration and Payment System (SWAPS) has been introduced under section 164A of the Ordinance. A withholding agent notified under section 164A will be called a SWAPS agent. The notified SWAPS agent will be integrated with Board and withholding tax will be deposited in government treasury on real time basis simultaneously at the time of making third party payment processed through SWAPS by the SWAPS agent. It will also result in auto populated withholding statements thereby saving time and reducing cost of compliance for the business. SWAPS

Payment Receipt (SPR) will be generated upon deposit of tax in this manner which will be a valid document for the purpose of claiming credit against tax payable under the provisions of this Ordinance. In case if a notified SWAPS agent fails to integrate with the Board in the manner prescribed, the said agent will not be eligible for credit under Part X of Chapter III of the Ordinance and exemption under any of the provisions of the Ordinance. All other provisions of the Ordinance not specifically dealt with in newly inserted section 164A will mutatis mutandis apply on a notified SWAPS agent. Corresponding changes have been made in section 164 of the Ordinance.

#### 4. Section 149 deduction from Salaried persons

S. No.	Type of payment	Rate in percentage
1	Where the taxable income does not exceed Rs.600,000	0%
2	Where the taxable income exceeds Rs.600,000 but does not exceed Rs.1,200,000	2.5% of the amount exceeding Rs.600,000
3	Where taxable income exceeds Rs.1,200,000 but does not exceed Rs.2,400,000	Rs.15,000 + 12.5% of the amount exceeding Rs.1,200,000
4	Where taxable income exceed Rs.2,400,000 but does not exceed Rs.3,600,000	Rs.165,000 + 20% of the amount exceeding Rs.2,400,000
5	Where taxable income exceeds Rs.3,600,000 but does exceeds Rs.6,000,000	Rs.405,000 + 25% of the amount exceeding Rs.6,000,000
6	Where the taxable income exceeds Rs.6,000,000 but does not exceed Rs.12,000,000	Rs.1,005,000 + 32.5% of the amount exceeding Rs.6,000,000
7	Where the taxable income exceeds Rs.12,000,000	Rs.2,955,000 + 35% of the amount Exceeding Rs.12,000,000

#### 5. Income from property

Type	Rate
Any payment made on account of rent of immovable property	
<b>(A) In case of individual or AOP</b>	
1. Where the gross amount of rent does not exceed Rs, 300,000	Nil



2. Where the gross amount of rent exceeds Rs. 300,000 but does not exceed Rs. 600,000	5% of the gross amount exceeding Rs. 300,000
3. Where the gross amount of rent exceeds Rs. 600,000 but does not exceed Rs. 2,000,000	Rs. 15,000 plus 10 per cent of the gross amount exceeding Rs. 600, 000
4. Where the gross amount of rent exceed Rs. 2,000,000	Rs. 155,000 plus 25 per cent of the gross amount exceeding Rs. 2,000, 000";
	15%
B) in case of company	

6. Section 153 (Payment for goods & services)

S.No.	Type	Rate
153(1)(a)	For sale of any other goods:  Company  Other than company	4% of the gross amount  4.5% of the gross amount  <i>Persons not appearing in the Active Taxpayers' List :</i>  <i>The applicable tax rate is to be increased by 100% (Rule-1 of Tenth Schedule to the Ordinance)</i>
153(1)(b)	i. in case of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in section 2, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services including architectural services, warehousing services, services rendered by asset management companies, data services provided under license issued by the Pakistan Telecommunication Authority, telecommunication infrastructure (tower) services, car rental services, building maintenance services, services rendered by Pakistan Stock	


	Exchange Limited and Pakistan Mercantile Exchange Limited, inspection, certification, testing and training services, oilfield services, telecommunication services, collateral management services, travel and tour services	
	ii. In case of rendering or providing of services other than as mentioned at (i) above;	
	a) In case of company	8% of the gross amount.
	b) In any other case	10% of the gross amount
	c) In respect of persons making payment to electronic & p	1.5% of the gross amount
		<b><i>Persons not appearing in the Active Taxpayers' List :</i></b>  <i>The applicable tax rate is to be increased by 100% (Rule-1 of Tenth Schedule to the Ordinance)</i>
153(1)(C)	Execution of Contracts	
	i) In case of sportsperson	10%
	ii) In the case of Companies :	6.5%
	iii) In the case of persons other than companies	7%
		<b><i>Persons not appearing in the Active Taxpayers' List :</i></b>  <i>The applicable tax rate is to be increased by 100% (Rule-1 of Tenth Schedule to the Ordinance)</i>

**Note:**

**Time of deposit**

In case of Federal / provincial Government on the day the tax is deducted. Rule 43(a). In other than Federal / Provincial Government cases, within 01 days from the end of each week ending on every Sunday. Rule 43(b)

**The requisite information is available in FBR Circulars and amendments made vide Finance Act, 2022-23 on FBR website [fbr.gov.pk](http://fbr.gov.pk)**

  
**(ADNAN KHAN)**  
 Assistant Commissioner (IR)