

A large, stylized graphic consisting of two dark blue curved lines that form a wide arch, framing the central text.

TAX DIGEST 2012-13

J.A.S.B. & Associates
Chartered Accountants

TAX DIGEST

2012-13

PREAMBLE

The purpose of this digest is to facilitate the readers about changes made by the Finance Act 2012 including rectification/additions in changes proposed in Finance Bill 2012.

This document also summarizes provision with respect to the salary taxation including average rate of tax on salary and withholding tax and has been prepared for the guidance and information of our clients and staff only.

It is recommended that while considering the application of the amendments/provisions discussed here-in-after, reference should be made to the specific wordings of the relevant statute.

The digest can also be accessed and downloaded from www.jasb-associates.com

J.A.S.B. & Associates **Chartered Accountants**

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1. SALIENT FEATURES OF FINANCE ACT 2012

INCOME TAX

- For salaried and business individuals, basic exemption limit is increased to Rs. 400,000 from Rs. 350,000. Tax rates have also been reduced.
- Association of person is to be taxed at progressive rates applicable to non-salaried individuals. Loan to employee up to Rs. 500,000 has been exempted from income tax and benchmark rate has been capped at 10%.
- Rate of tax for individual retailer or Association of Person having turnover up to Rs. 5 million is reduced from @1% to 0.5%.
- Cash withdrawal limit has been increased from Rs. 25,000 per day to Rs. 50,000 per day.
- Inter-corporate dividends & profit on debts has been exempted.
- An option to "Opt out Presumptive Tax Regime" is provided to commercial importers, exporters and suppliers.
- The limit of investment in shares and life insurance premium eligible for tax credit is enhanced.
- Taxpayer Honour Card Scheme is introduced. The holders of the card will be entitled to various privileges and benefits.
- Tax at the rate of 1% of value of sales is charged on distributors, dealers and wholesalers through manufacturers.
- Capital gain tax is levied on sale of immovable property held for period up to two years.
- Dividend received by Banks from money market funds and income funds will be taxed @25% for 2013 and @35% for 2014.
- The initial depreciation on building is reduced from 50% to 25%.
- 100% tax credit is allowed for new established industrial undertakings including corporate dairy farming.
- Rate of advance tax on goods transport vehicles has been increased from Re. 1 per kg to Rs. 5 per kg.
- Rate of advance tax on passenger transport vehicles plying for hire having capacity of 20 seats or more has been increased from Rs. 100 per seat to Rs. 500 per seat per annum.
- Tax on purchase of motor vehicle with engine capacity of 1301-1600 cc has also been increased from Rs. 16,578 to Rs. 25,000.
- Ten year extension in tax holiday period is allowed to Venture Capital Company and Venture Capital Fund.

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SALES TAX

- Rate of sales tax on steel sector is increased to Rs. 8/Kwh from Rs. 6/kwh.
- Supplies against international tenders exempted instead of zero rating.
- It is allowed to shift cotton seed oil from exemption to zero-rating.
- It is provided to grant exemption to on supplies of waste paper.
- Sales tax rate on import of soya-been seed reduced from 7% to 6%;
- Sales tax rate on import of rapeseed ,sunflower seed and canola seed reduced from 15% to 14%.

FEDERAL EXCISE DUTY

- FED on cement is reduced from Rs. 500/MT to Rs. 400/MT.
- Live-stock insurance is exempt from FED.
- Services by Asset Management Companies are exempt from FED.
- Rate of duty on locally produced cigarettes enhanced.

CUSTOMS DUTY

- The maximum general tariff slab reduced to 30% from 35%.
- Customs duty is reduced on raw materials and components for printing and stationary.
- Reduction in customs duty on 88 pharmaceutical raw materials from 10% to 5%.
- Customs duty on scrap of rubber/shredded tyres reduced from 20% to 10%.
- Customs duty reduced by 25% on Hybrid Electric Vehicles and there batteries.

2. AMMENDMENTS IN FINANCE BILL 2012

During the process of approval of Finance Bill 2012 by the National Assembly of Pakistan, following changes/ amendments were also proposed in the relevant laws through amended Finance Bill.

Depreciation

[Section 22]

For the purposes of claiming depreciation expense, the monetary limit on cost of passenger vehicle not plying for hire is increased to two and half million from one and half million.

Tax Credit for Investment

[Section 65B(1),(4),(5)&(6)]

Following further amendment/changes were made in the Finance Act

- Tax credit @ 10% of the amount invested shall also be available for extension, expansion in Plant & Machinery without the condition of 100% new equity.
- To avail the tax credit @20% of the amount so invested on account of BMR in Plant & Machinery, a condition of 100% equity investment is introduced.

Minimum Tax

[Section 113]

The rate of minimum tax has been reduced from 1% to 0.5%, whereas the rate of tax on retailers under section 113 A is maintained at 1% which was earlier proposed to be reduced to 0.5% in Finance Bill 2012.

Payment to non-residents

[Section 152 (2A)]

Finance Bill 2012 attempted to consolidate all provision of withholding tax related to non residents in Section 152 and accordingly necessary changes have been made in First Schedule whereas corresponding amendments in Section 152 were missed. To harmonize the changes made in First Schedule, a new sub-section (2A) is inserted in Section 152 to provide for deduction of tax on payments to permanent establishment of non-resident person for purchase of goods, rendering and providing of services and execution of contracts.

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Tax on Sale/ Transfer of Immovable Property

[Section 236C, Part IV, Div III, First Schedule]

A new section 236C is inserted for collection of advance tax at the time of registering or attesting the transfer of immovable property from the seller or transferor (other than Federal/Provincial/Local Govt.) at the rate of 0.5% of the gross amount of the consideration received.

Tax Rates for Salaried Individuals

[Div I, Part I, First Schedule]

Slab rate for salary taxation as proposed in the Finance Bill 2012 has been changed and a new slab rates have been introduced, which are as follows;

S.No.	Taxable Income (Rs.)		Rate of Tax	
	From	To		
1	Nil	400,000	0%	
2	400,001	750,000	5% of the amount exceeding Rs. 400,000	
3	750,001	1,500,000	17,500	Plus 10% of the amount exceeding Rs. 0.75 M 15% of the amount exceeding Rs. 1.5 M 17.5% of the amount exceeding Rs. 2 M 20% of the amount exceeding Rs. 2.5 M
4	1,500,001	2,000,000	95,000	
5	2,000,001	2,500,000	175,000	
6	2,500,001	-----	420,000	

Payment to Traders & Distributors

[Section 153 A]

Rate of tax proposed in Finance Bill 2012 is reduced from 1% to 0.5% in Finance Act 2012.

Irrevocable Option to Petroleum Exploration and Production Undertakings

[Rule 4A, Part I, Fifth Schedule]

The condition as to withdrawal of appeals/reference/petitions to avail irrevocable option as proposed in Finance Bill 2012 is now restricted to appeals/reference/petitions on the issue of tax rate only.

3. SALARY TAXATION**CHANGES THROUGH FINANCE ACT 2012-13**

- Basic exemption limit of salaried individuals has been increased from Rs. 350,000 to Rs. 400,000.
- Tax slab rates have also been reduced from 17 slabs to 6 slabs.
- Loan to employee up to Rs. 500,000 has been exempted from income tax.
- Benchmark rate to work out deemed income employees concessional loans have been capped at 10%.
- Thresholds for investment in shares and life insurance premium eligible for tax credit are enhanced from 15% to 20% of taxable income and from Rs. 500,000 to Rs. 1,000,000. The minimum holding period is also reduced from 36 months to 24 months.

TAXABILITY OF ALLOWANCE, BENEFITS, DEDUCTIONS, EXEMPTIONS & CREDITS**Taxable Allowances etc.**

Head of Account	Taxability
House Rent Allowance	Full
Allowance for furnished/unfurnished accommodation	Full
Conveyance Allowance	Full
Company provided & maintained vehicles for private use	Full Private Use : 10% of cost of purchase /Fair Market Value (if on lease) Partly Private use : 5% of cost of purchase /Fair Market Value (if on lease)
Leave Fare Assistance	Full
Utility Allowances	Full
Domestic Servant Salary	Full
Tax paid by employer	Full
Capital receipts on termination of employment	Full
Transfer of assets	Full market value less amount paid on this account
Loan waived/debt discharged by employer	Full Amount waived/debt discharged

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Head of Account	Taxability
Concessionary Loan by Employers	The interest at benchmark rate (10%) less interest actually charged by employer will be added to income of the employee except for <ul style="list-style-type: none">- Amount of loan is up to Rs.500,000 or- Employee waives interest on his balance with employer.
Share Schemes for Employees Note: In case of share acquisition under restriction as to transfer, the difference of fair value and acquisition cost will be chargeable to tax on acquiring of transfer rights or actual disposal whichever is earlier.	On Disposal of Right/Option: Difference of consideration for right /option and cost of right /option. On Share Acquisition: Difference of fair value of such shares and acquisition cost paid.

Exempt Allowances etc.

Head of Account	Exemption
Medical Allowance	10% of basic salary
Medical reimbursement/benefits in respect of employment terms. NTN of Hospital/Clinic is provided and certifies by employer	100%
Special allowance for meeting expenses incurred in performance of official duties	100%
Employer's annual contribution to Recognized Provident Fund	Rs 100,000 or 10% of salary whichever is lower
Interest credited on balance of Recognized Provident Fund	1/3 of Salary or Rate prescribed by Federal Govt. for this purpose whichever is lower.
Gratuity/Commutation of Pension on retirement /death if received in Pakistan	Approved Fund: 100% Approved Scheme: up to Rs. 200,000 Others: 50% of amount receivable or Rs. 75,000 whichever is lower

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Allowed Deductions from Taxable Income etc.

Head of Account	Allowed Deduction
Donations to approved bodies/institutions as per 2 nd Schedule Clause 6i Part 1.	Up to 30% of taxable income.
Zakat paid or deducted under Zakat & Ushr Ordinance.	Full amount of Zakat so paid or deducted.

Admissible Tax Credits etc.

Head of Account	Amount Eligible for Tax Credit
Donations to bodies/institutes other than those covered under 2 nd Schedule of Income Tax Ordinance 2001 & Donations to approved Non Profit Organizations.	Amount donated/fair value of property donated or 30% of taxable income whichever is lower.
Contribution to Approved Pension Fund. Note: Additional contribution (2% for each year exceeding the age of 40 years with the maximum of 50% of last year taxable income) is allowed for person having age of 41 years & above joining Fund up to June 30, 2016.	Actual amount paid or 20% of taxable income whichever is lower.
Profit on Debt for Purchase/construction of house.	Amount paid or 50% of taxable income or Rs. 750,000 whichever is lower.
Investment in shares , life Insurance premiums Note: Investment in shares is applicable to shares acquired through Initial Public Offering & shares acquired from Privatization Commission and being held for 24 months.	Acquisition cost or 20% of taxable income or Rs. 1,000,000 whichever is lower.

The tax credit against above items shall be available with respect to following formula;

$$\text{Amount Eligible for Tax Credit X } \frac{\text{Tax before tax credits}}{\text{Taxable income for tax year}}$$

Filing Requirements

S.No.	Annual Salary Income	Total Income	Return Filing	Date of Filing
1.	Less than Rs. 500,000	Comprises of salary income only	Annual statement filed by employers	N/A
2.	Less than Rs. 500,000	Less than Rs. 1,000,000	Manual filing of return	30 th September
		Rs. 1,000,000 or more	Manual filing of return & wealth statement	
3.	Rs. 500,000 or more	No threshold on total income	E-filing of return with wealth statement	31 st August

AVERAGE TAX RATE FOR SALARY TAX DEDUCTIONS

- The income of salaried individual will be taxed at the tax rates mentioned in RC-1
- Under Section 149 of the Income Tax Ordinance 2001, every employer paying salary to an employee shall, at the time of payment of salary; deduct tax from the amount paid at employee's average rate of tax computed at applicable tax rates as per Income Tax Ordinance 2001.
- To facilitate the monthly tax computation by the employers as well as employees, average tax rates has been worked out for various annual salary levels determined on the following basis;

ANNUAL SALARY RANGE (Rs.)	ANNUAL AVERAGE DIFFERENCE BETWEEN TWO LEVELS (Rs.)
400,000 - 4,000,000	50,000
4,000,000 - 40,000,000	1,000,000

- The average tax rate has been worked out for two headers viz-a-viz Joining in the Organization (Month) & Expected Stay of the Employee in the Organization.

Header 1: Joining in the Organization

For reference of employees joining in a particular month in this financial year and are assumed to be associated with the Organization for rest of financial year; the average rate appearing in the

Column of their month of joining will be applicable e.g. an employee having annual salary income of Rs 1 million joined the organization in September, the average rate at 3.54% per month will be applicable for the rest of the financial year.

Header 2: Joining in the Organization

For reference of contractual employees who joins the organization for certain period. The tenure of their contract shall be used to identify the applicable average tax rate i.e. an employee joins the organization for six months irrespective of joining month shall be taxed at the average rate falling in Header 2 Column 6. e.g. an employee having estimated salary of Rs 1 million joins the Organization for six months will be taxed at average rate of 2.13% per month.

- To cover the employees at large, following schedules of average tax rate are being presented in this Digest;

ESTIMATED ANNUAL SALARY RANGE (Rs.)	SCHEDULE REFERENCE
400,000 - 1,7,000,000	Schedule -I
1,750,000 - 3,050,000	Schedule -II
3,100,000 - 12,000,000	Schedule -III
13,000,000 - 40,000,000	Schedule - IV

- For all employees of the Organization as of 1st July 2012, the average rate appearing in the Header -1 "July" Column will be applicable for the rest of financial year.
- For employees whose estimated salary is falling between two estimated annual salary levels, the average of average tax rates of such estimated levels of the respective Header shall be used to calculate estimated average tax of such employee. e.g. An employee having annual salary of Rs 1.25 million joins the Organization in November will be taxed at average rate of 2.925% $((2.83+3.02)/2)$. The same reference shall be used for calculation of average tax under Header-2.

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Schedule - I (Estimated Annual salary Rs.400,000 to Rs.1,700,000)

Est. Annual Salary 000/-	HEADER-1: Joining Since (Month)											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	HEADER-2: Expected Stay (Months)											
	12	11	10	9	8	7	6	5	4	3	2	1
Average Rate in % age												
400	0	0	0	0	0	0	0	0	0	0	0	0
450	0.56	0.51	0.46	0.42	0.37	0.32	0.28	0.23	0.19	0.14	0.09	0.05
500	1.00	0.92	0.83	0.75	0.67	0.58	0.50	0.42	0.33	0.25	0.17	0.08
550	1.36	1.25	1.14	1.02	0.91	0.80	0.68	0.57	0.45	0.34	0.23	0.11
600	1.67	1.53	1.39	1.25	1.11	0.97	0.83	0.69	0.56	0.42	0.28	0.14
650	1.92	1.76	1.60	1.44	1.28	1.12	0.96	0.80	0.64	0.48	0.32	0.16
700	2.14	1.96	1.79	1.61	1.43	1.25	1.07	0.89	0.71	0.54	0.36	0.18
750	2.33	2.14	1.94	1.75	1.56	1.36	1.17	0.97	0.78	0.58	0.39	0.19
800	2.81	2.58	2.34	2.11	1.88	1.64	1.41	1.17	0.94	0.70	0.47	0.23
850	3.24	2.97	2.70	2.43	2.16	1.89	1.62	1.35	1.08	0.81	0.54	0.27
900	3.61	3.31	3.01	2.71	2.41	2.11	1.81	1.50	1.20	0.90	0.60	0.30
950	3.95	3.62	3.29	2.96	2.63	2.30	1.97	1.64	1.32	0.99	0.66	0.33
1,000	4.25	3.90	3.54	3.19	2.83	2.48	2.13	1.77	1.42	1.06	0.71	0.35
1,050	4.52	4.15	3.77	3.39	3.02	2.64	2.26	1.88	1.51	1.13	0.75	0.38
1,100	4.77	4.38	3.98	3.58	3.18	2.78	2.39	1.99	1.59	1.19	0.80	0.40
1,150	5.00	4.58	4.17	3.75	3.33	2.92	2.50	2.08	1.67	1.25	0.83	0.42
1,200	5.21	4.77	4.34	3.91	3.47	3.04	2.60	2.17	1.74	1.30	0.87	0.43
1,250	5.40	4.95	4.50	4.05	3.60	3.15	2.70	2.25	1.80	1.35	0.90	0.45
1,300	5.58	5.11	4.65	4.18	3.72	3.25	2.79	2.32	1.86	1.39	0.93	0.46
1,350	5.74	5.26	4.78	4.31	3.83	3.35	2.87	2.39	1.91	1.44	0.96	0.48
1,400	5.89	5.40	4.91	4.42	3.93	3.44	2.95	2.46	1.96	1.47	0.98	0.49
1,450	6.03	5.53	5.03	4.53	4.02	3.52	3.02	2.51	2.01	1.51	1.01	0.50
1,500	6.17	5.65	5.14	4.63	4.11	3.60	3.08	2.57	2.06	1.54	1.03	0.51
1,550	6.61	6.06	5.51	4.96	4.41	3.86	3.31	2.76	2.20	1.65	1.10	0.55
1,600	6.88	6.30	5.73	5.16	4.58	4.01	3.44	2.86	2.29	1.72	1.15	0.57
1,650	7.12	6.53	5.93	5.34	4.75	4.15	3.56	2.97	2.37	1.78	1.19	0.59
1,700	7.35	6.74	6.13	5.51	4.90	4.29	3.68	3.06	2.45	1.84	1.23	0.61

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Schedule - II (Estimated Annual salary Rs.1,750,000 to Rs.3,050,000)

Est. Annual Salary '000'	HEADER-1: Joining Since (Month)											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	HEADER-2: Expected Stay (Months)											
	12	11	10	9	8	7	6	5	4	3	2	1
Average Rate in % age												
1,750	7.57	6.94	6.31	5.68	5.05	4.42	3.79	3.15	2.52	1.89	1.26	0.63
1,800	7.78	7.13	6.48	5.83	5.19	4.54	3.89	3.24	2.59	1.94	1.30	0.65
1,850	7.97	7.31	6.64	5.98	5.32	4.65	3.99	3.32	2.66	1.99	1.33	0.66
1,900	8.16	7.48	6.80	6.12	5.44	4.76	4.08	3.40	2.72	2.04	1.36	0.68
1,950	8.33	7.64	6.94	6.25	5.56	4.86	4.17	3.47	2.78	2.08	1.39	0.69
2,000	8.50	7.79	7.08	6.38	5.67	4.96	4.25	3.54	2.83	2.13	1.42	0.71
2,050	8.66	8.22	7.47	6.72	5.98	5.23	4.48	3.73	2.99	2.24	1.49	0.75
2,100	9.17	8.40	7.64	6.88	6.11	5.35	4.58	3.82	3.06	2.29	1.53	0.76
2,150	9.36	8.58	7.80	7.02	6.24	5.46	4.68	3.90	3.12	2.34	1.56	0.78
2,200	9.55	8.75	7.95	7.16	6.36	5.57	4.77	3.98	3.18	2.39	1.59	0.80
2,250	9.72	8.91	8.10	7.29	6.48	5.67	4.86	4.05	3.24	2.43	1.62	0.81
2,300	9.89	9.07	8.24	7.42	6.59	5.77	4.95	4.12	3.30	2.47	1.65	0.82
2,350	10.05	9.22	8.38	7.54	6.70	5.86	5.03	4.19	3.35	2.51	1.68	0.84
2,400	10.21	9.36	8.51	7.66	6.81	5.95	5.10	4.25	3.40	2.55	1.70	0.85
2,450	10.36	9.49	8.63	7.77	6.90	6.04	5.18	4.32	3.45	2.59	1.73	0.86
2,500	10.50	9.63	8.75	7.88	7.00	6.13	5.25	4.38	3.50	2.63	1.75	0.88
2,550	16.86	15.46	14.05	12.65	11.24	9.84	8.43	7.03	5.62	4.22	2.81	1.41
2,600	16.92	15.51	14.10	12.69	11.28	9.87	8.46	7.05	5.64	4.23	2.82	1.41
2,650	16.98	15.57	14.15	12.74	11.32	9.91	8.49	7.08	5.66	4.25	2.83	1.42
2,700	17.04	15.62	14.20	12.78	11.36	9.94	8.52	7.10	5.68	4.26	2.84	1.42
2,750	17.09	15.67	14.24	12.82	11.39	9.97	8.55	7.12	5.70	4.27	2.85	1.42
2,800	17.14	15.71	14.29	12.86	11.43	10.00	8.57	7.14	5.71	4.29	2.86	1.43
2,850	17.19	15.76	14.33	12.89	11.46	10.03	8.60	7.16	5.73	4.30	2.87	1.43
2,900	17.24	15.80	14.37	12.93	11.49	10.06	8.62	7.18	5.75	4.31	2.87	1.44
2,950	17.29	15.85	14.41	12.97	11.53	10.08	8.64	7.20	5.76	4.32	2.88	1.44
3,000	17.33	15.89	14.44	13.00	11.56	10.11	8.67	7.22	5.78	4.33	2.89	1.44
3,050	17.38	15.93	14.48	13.03	11.58	10.14	8.69	7.24	5.79	4.34	2.90	1.45

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Schedule -III (Estimated Annual salary Rs.3,100,000 to Rs.12,000,000)

Est. Annual Salary '000'	HEADER-1: Joining Since (Month)											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	HEADER-2: Expected Stay (Months)											
	12	11	10	9	8	7	6	5	4	3	2	1
Average Rate in % age												
3,100	17.42	15.97	14.52	13.06	11.61	10.16	8.71	7.26	5.81	4.35	2.90	1.45
3,150	17.46	16.01	14.55	13.10	11.64	10.19	8.73	7.28	5.82	4.37	2.91	1.46
3,200	17.50	16.04	14.58	13.13	11.67	10.21	8.75	7.29	5.83	4.38	2.92	1.46
3,250	17.54	16.08	14.62	13.15	11.69	10.23	8.77	7.31	5.85	4.38	2.92	1.46
3,300	17.58	16.11	14.65	13.18	11.72	10.25	8.79	7.32	5.86	4.39	2.93	1.46
3,350	17.61	16.14	14.68	13.21	11.74	10.27	8.81	7.34	5.87	4.40	2.94	1.47
3,400	17.65	16.18	14.71	13.24	11.76	10.29	8.82	7.35	5.88	4.41	2.94	1.47
3,450	17.68	16.21	14.73	13.26	11.79	10.31	8.84	7.37	5.89	4.42	2.95	1.47
3,500	17.71	16.24	14.76	13.29	11.81	10.33	8.86	7.38	5.90	4.43	2.95	1.48
3,550	17.75	16.27	14.79	13.31	11.83	10.35	8.87	7.39	5.92	4.44	2.96	1.48
3,600	17.78	16.30	14.81	13.33	11.85	10.37	8.89	7.41	5.93	4.44	2.96	1.48
3,650	17.81	16.32	14.84	13.36	11.87	10.39	8.90	7.42	5.94	4.45	2.97	1.48
3,700	17.84	16.35	14.86	13.38	11.89	10.41	8.92	7.43	5.95	4.46	2.97	1.49
3,750	17.87	16.38	14.89	13.40	11.91	10.42	8.93	7.44	5.96	4.47	2.98	1.49
3,800	17.89	16.40	14.91	13.42	11.93	10.44	8.95	7.46	5.96	4.47	2.98	1.49
3,850	17.92	16.43	14.94	13.44	11.95	10.45	8.96	7.47	5.97	4.48	2.99	1.49
3,900	17.95	16.45	14.96	13.46	11.97	10.47	8.97	7.48	5.98	4.49	2.99	1.50
3,950	17.97	16.48	14.98	13.48	11.98	10.49	8.99	7.49	5.99	4.49	3.00	1.50
4,000	18.00	16.50	15.00	13.50	12.00	10.50	9.00	7.50	6.00	4.50	3.00	1.50
5,000	18.40	16.87	15.33	13.80	12.27	10.73	9.20	7.67	6.13	4.60	3.07	1.53
6,000	18.67	17.11	15.56	14.00	12.44	10.89	9.33	7.78	6.22	4.67	3.11	1.56
7,000	18.86	17.29	15.71	14.14	12.57	11.00	9.43	7.86	6.29	4.71	3.14	1.57
8,000	19.00	17.42	15.83	14.25	12.67	11.08	9.50	7.92	6.33	4.75	3.17	1.58
9,000	19.11	17.52	15.93	14.33	12.74	11.15	9.56	7.96	6.37	4.78	3.19	1.59
10,000	19.20	17.60	16.00	14.40	12.80	11.20	9.60	8.00	6.40	4.80	3.20	1.60
11,000	19.27	17.67	16.06	14.45	12.85	11.24	9.64	8.03	6.42	4.82	3.21	1.61
12,000	19.33	17.72	16.11	14.50	12.89	11.28	9.67	8.06	6.44	4.83	3.22	1.61

TAX DIGEST

2012-13

Schedule - IV (Estimated Annual salary Rs.13,000,000 to Rs.40,000,000)

Est. Annual Salary '000'	HEADER-1: Joining Since (Month)											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	HEADER-2: Expected Stay (Months)											
	12	11	10	9	8	7	6	5	4	3	2	1
Average Rate in % age												
13,000	19.38	17.77	16.15	14.54	12.92	11.31	9.69	8.08	6.46	4.85	3.23	1.62
14,000	19.43	17.81	16.19	14.57	12.95	11.33	9.71	8.10	6.48	4.86	3.24	1.62
15,000	19.47	17.84	16.22	14.60	12.98	11.36	9.73	8.11	6.49	4.87	3.24	1.62
16,000	19.50	17.88	16.25	14.63	13.00	11.38	9.75	8.13	6.50	4.88	3.25	1.63
17,000	19.53	17.90	16.27	14.65	13.02	11.39	9.76	8.14	6.51	4.88	3.25	1.63
18,000	19.56	17.93	16.30	14.67	13.04	11.41	9.78	8.15	6.52	4.89	3.26	1.63
19,000	19.58	17.95	16.32	14.68	13.05	11.42	9.79	8.16	6.53	4.89	3.26	1.63
20,000	19.60	17.97	16.33	14.70	13.07	11.43	9.80	8.17	6.53	4.90	3.27	1.63
21,000	19.62	17.98	16.35	14.71	13.08	11.44	9.81	8.17	6.54	4.90	3.27	1.63
22,000	19.64	18.00	16.36	14.73	13.09	11.45	9.82	8.18	6.55	4.91	3.27	1.64
23,000	19.65	18.01	16.38	14.74	13.10	11.46	9.83	8.19	6.55	4.91	3.28	1.64
24,000	19.67	18.03	16.39	14.75	13.11	11.47	9.83	8.19	6.56	4.92	3.28	1.64
25,000	19.68	18.04	16.40	14.76	13.12	11.48	9.84	8.20	6.56	4.92	3.28	1.64
26,000	19.69	18.05	16.41	14.77	13.13	11.49	9.85	8.21	6.56	4.92	3.28	1.64
27,000	19.70	18.06	16.42	14.78	13.14	11.49	9.85	8.21	6.57	4.93	3.28	1.64
28,000	19.71	18.07	16.43	14.79	13.14	11.50	9.86	8.21	6.57	4.93	3.29	1.64
29,000	19.72	18.08	16.44	14.79	13.15	11.51	9.86	8.22	6.57	4.93	3.29	1.64
30,000	19.73	18.09	16.44	14.80	13.16	11.51	9.87	8.22	6.58	4.93	3.29	1.64
31,000	19.74	18.10	16.45	14.81	13.16	11.52	9.87	8.23	6.58	4.94	3.29	1.65
32,000	19.75	18.10	16.46	14.81	13.17	11.52	9.88	8.23	6.58	4.94	3.29	1.65
33,000	19.76	18.11	16.46	14.82	13.17	11.53	9.88	8.23	6.59	4.94	3.29	1.65
34,000	19.76	18.12	16.47	14.82	13.18	11.53	9.88	8.24	6.59	4.94	3.29	1.65
35,000	19.77	18.12	16.48	14.83	13.18	11.53	9.89	8.24	6.59	4.94	3.30	1.65
36,000	19.78	18.13	16.48	14.83	13.19	11.54	9.89	8.24	6.59	4.94	3.30	1.65
37,000	19.78	18.14	16.49	14.84	13.19	11.54	9.89	8.24	6.59	4.95	3.30	1.65
38,000	19.79	18.14	16.49	14.84	13.19	11.54	9.89	8.25	6.60	4.95	3.30	1.65
39,000	19.79	18.15	16.50	14.85	13.20	11.55	9.90	8.25	6.60	4.95	3.30	1.65
40,000	19.80	18.15	16.50	14.85	13.20	11.55	9.90	8.25	6.60	4.95	3.30	1.65

4. TAX DEDUCTION AT SOURCE

Sect.	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
148	Import of Goods	Collector of Customs	5%	Value of Import
149	Payment of Salary	Employer	Average rate of tax worked out from applicable tax rate as per RC-1	Salary income
150	Payment of Dividend	Every person	10%	Gross amount of Dividend
151	Payment of Profit on debt			
	On NSS or Post Office Savings Account (POSA)	Person paying yield	10%	Gross amount of yield / Profit on debt as reduced by amount of zakat, if any paid under Zakat & Usher Ordinance, 1980
	On account/ deposit with Banks/FIs	Banking Company Financial institution		
	On Govt. Securities	Federal Govt./ Provincial Govt./ Local Govt.		
On bonds, certificate, debentures, security, instrument of any kind	Bank/FI/ Company/ Body Corporate/ Finance Society			

TAX DIGEST

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Sect.	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
152	Payments to Non-Residents			
	Royalty & Fee for Technical Services	Every person paying on these accounts	15%	Gross amount paid
	Execution of Contracts		6%	
	Insurance / re-insurance premium		5%	
Any other Payments	20%			
153	Payment for goods, services and execution of contracts			
	Payment for goods			
	Rice/ Cotton Seed/ Edible Oil	Fed Govt./ Company /registered AOP/AOP & Individual having turnover of Rs 50 M or more/ Non-Profit	1.5%	Gross amount including sales tax (either full, part or advance) paid to Resident Person or Permanent Establishment in Pakistan of Non-Resident Person
	Other Goods	Organization/ Consortium or Joint Venture/Foreign Contractor or Consultant	3.5%	
Services of stitching, dying, printing, embroidery, washing, sizing, & weaving	Exporter/ Export House	0.5%		

TAX DIGEST

2012-13

Sect.	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
	Payment for goods, services and execution of contracts (continued...)			
	Payment for Services rendered or provided			
153	Transport Services	Fed Govt./ Company /registered AOP/AOP & Individual having turnover of Rs 50 M or more/ Non-Profit Organization/ Consortium or Joint Venture/ Foreign Contractor or Consultant	2%	Gross amount including sales tax (either full, part or advance) paid to Resident Person or Permanent Establishment in Pakistan of Non-Resident Person
	Other Services		6%	
	Execution of Contract		6%	
153A	Payment to non-resident media persons	Every Person making payment on this account	10%	Gross amount paid
154	Exports			Proceed realized
	Export of goods	Authorized dealer in foreign exchange	1%	
	Foreign indenting commission		5%	
	Sale of goods to an exporter under an in-land back to back letter of credit	Bank	1%	

TAX DIGEST

2012-13

Sect.	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
154	Exports (continued....)			
	Export of goods by industrial undertakings in export processing zones	Export Processing Zone Authority	1%	Proceed realized
	Sale of goods by an indirect exporter	Direct Exporter/Export House registered under DTRE	1%	Amount paid for firm contract
	Other Exports	Collector of Customs	1%	Gross value of such goods
155	Income from Property (Rent)	Fed Govt./ Pro. Govt./ Local Govt./ Company/ Non-Profit Org/ Diplomatic Mission of a Foreign state/ Any other person as FBR	Ref.RC-2	Gross amount of rent
156	Payment for Prizes & Winnings			
	On Prize of Prize Bonds & Crossword Puzzle	Every person making payment on these account	10%	Gross amount of prize
Winnings from Raffle, Lottery, Prize on Winnings a Quiz etc	20%			

TAX DIGEST

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Sect.	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
156A	Payment of Commission/disc out on petroleum products	Every Person selling petroleum products to petrol pump operator	10%	Amount of commission or discount allowed to Petrol pump operator
156B	Payment of withdrawal from any approved Pension Fund- Before retirement age by normal alive individual	Pension Fund Manager	Ref. RC-3	Any amount withdrawn
	Payment of withdrawal from any approved Pension Fund- On or after retirement age			Amount withdrawn in excess of 50% of the accumulated balance
231A	Cash Withdrawal from bank if exceeds Rs 50,000/ day	Bank	0.02%	Amount withdrawn
231AA	Tax on Transactions in Bank (Sum of total transactions exceeds Rs 25,000 per day)			
	Issuance of Banking Instruments against cash or DD /PO / CDR/STDR/SDR /RTC or bearer instrument	Banks/ NBF1/Exchange Company/ Authorized dealer of foreign exchange	0.03%	Amount of transactions

TAX DIGEST

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Sect.	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
231AA	Tax on Transactions in Bank (Sum of total transactions exceeds Rs 25,000 per day)			
	On-line transfer/TT/MT or any other mode of e-transfer against cash	Banks/ NBF/Exchange Company/ Authorized dealer of foreign exchange	0.3%	Amount of transactions
231B	Private Motor Vehicles	Motor vehicle registration authorities of Excise and Taxation Dept.	Ref.RC-4	As determined based on Engine Capacity
233	Brokerage & Commission	Fed Govt./ Pro Govt./ Local Govt./AOP constituted by, or under, law	10%	Gross amount of brokerage/commission on paid
233A	Collection of Tax by Stock Exchanges			
	Commission of members	Stock Exchanges Registered in Pakistan	0.01%	Purchase & sale value
	Trading of Shares			Value of shares traded
Financing of carry over trade	Amount of carry over charge			

TAX DIGEST

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Sect.	On account of	With-holding Tax Agent	Tax Rate	On which to deduct Tax
234	Tax on Motor vehicles (continued...)			
	Passenger & Private Vehicles	Person collecting motor vehicle tax (Excise & Taxation Dept.)	Ref. RC-5	As determined on passenger & engine capacity
	Goods Transport Vehicles	Person collecting motor vehicle tax (Excise & Taxation Dept.)	Rs. 1,200	As determined on Laden capacity
234A	Gas Consumption by CNG stations	Person preparing gas consumption bill	4%	Amount of Gas bill
235	Electricity Consumption	Person preparing gas consumption bill	Ref. RC-6	Amount of Electricity bill
236	Telephone Usage			
	Other than Mobile Phone	Person preparing telephone usage bill	10%	Amount of bill exceeding Rs 1,000
	Mobile Phone including pre-paid cards	Person preparing telephone usage bill or issuing pre-paid cards		Amount of Bill or denomination of card
236A	Sale by Auction	Any Person making sale by Auction	5%	Sale Price
236B	Purchase of domestic air ticket	Person Preparing air tickets	5%	Amount of sale price

TAX DIGEST

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RATE CARDS (RC)

RC-1: SALARY TAX RATES

S. No	Taxable Income (Rs)		Rate of Tax		
	From	To			
1	Nil	400,000	0%		
2	400,001	750,000	5% of the amount exceeding Rs. 400,000		
3	750,001	1,500,000	17,500	Plus	10% of amount exceeding Rs 0.75 M
4	1,500,001	2,000,000	95,000		15% of amount exceeding Rs. 1.5 M
5	2,000,001	2,500,000	175,000		17.5% of amount exceeding Rs. 2 M
6	2,500,001	-----	420,000		20% of amount exceeding Rs. 2.5 M

RC-2: INCOME FROM PROPERTY

For Individuals & Association of Persons

S. No	Taxable Income (Rs)		Rate of Tax		
	From	To			
1	Nil	150,000	0%		
2	150,001	400,000	5% of the amount exceeding Rs. 150,000		
3	400,001	1,000,000	Rs.12,500	Plus	7.5% of amount exceeding Rs.400,000
4	1,000,001	-----	Rs.57,500		10% of amount exceeding Rs.1,000,000

For Companies (Rent Tax Rates)

S. No	Taxable Income (Rs)		Rate of Tax		
	From	To			
1	Nil	400,000	5% of the gross amount of rent		
3	400,001	1,000,000	20,000	Plus	7.5% of amount exceeding Rs. 400,000
4	1,000,001	-----	65,000		10% of amount exceeding Rs.1,000,000

TAX DIGEST

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RC-3: PAYMENTS OF WITHDRAWALS FROM PENSION FUNDS

Tax Rate = (A/B) %
Where

"A" is the total tax paid or payable by the employee on the his total taxable income for three preceding tax years; and

"B" is the employee's total taxable income for three preceding tax years

RC-4: PRIVATE MOTOR VEHICLES

Engine Capacity	Amount of Tax (Rs.)
Up to 850 cc	7,500
851-1,000 cc	10,500
1,001-1,300 cc	16,875
1,301-1,600 cc	16,875
1,601-1,800 cc	22,500
1,801-2,000 cc	16,578
Above 2,000 cc	50,000

RC-5: PASSENGER & PRIVATE VEHICLES

Goods Transport Vehicles

Goods Transport Vehicles less 8120 kg of laden weight	Re 1 per kg of laden weight
Goods Transport Vehicles with laden weight of 8120 kg or more (after period of 10 years from the date of registration)	Rs 1,200 per annum

Passenger Transport Vehicles

Seating Capacity (Persons)	Rate of Tax per seat per annum (Rs.)
Four – Nine	25
Ten- Nineteen	60
Twenty or more	100

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Other Private Motor Cars with Engine Capacity

OTHER PRIVATE MOTOR CARS WITH ENGINE CAPACITY	
Engine Capacity (CC)	Tax (Rs)
Up to 1000	750
1,001 - 1,199	1,250
1,200 - 1,299	1,750
1,300 - 1,599	3,000
1,600 - 1,999	4,000
2,000 and above	8,000

RC-6: ELECTRICITY CONSUMPTION

Amount of Bill (Rs)	Tax Per Month (Rs)
Up to 400	0
400.01 - 600	80
600.01 - 800	100
800.01 - 1,000	160
1,000.01 - 1,500	300
1,500.01 - 3,000	350
3,000.01 - 4,500	450
4,500.01 - 6,000	500
6,000.01 - 10,000	650
10,000.01 - 15,000	1,000
15,000.01 - 20,000	1,500
Exceeds 20,000	<ul style="list-style-type: none">• For Commercial Consumer 10%• For Industrial Consumer 5%

WORKING NOTES

TAX DIGEST

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TAX DIGEST

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