

# FINANCE ACT 2013

## Income Tax

### INCOME FROM PROPERTY

Section 15 &amp; 15A

From Tax year 2014 and onward Income from property shall be chargeable to normal rate of tax and accordingly is now also made liable for payment of **advance tax**.

Rent of immovable property (including rent of furniture and fixtures, and amounts for services relating to such property) paid to a non-resident person shall be subject to deduction of tax at source by every person at the flat rate of 20% under section 152(2).

While calculating the net property income following deductions shall be allowed:-

- 1/5th repair allowance.
- Insurance premium.
- Local rate, tax (means property tax etc paid).
- Ground rent.
- Profit paid on against money borrowed for that property.
- Share in rent and share in appreciation in the value of the property.
- Profit or interest on mortgage or charge.
- Collection charges.
- Expenditure on legal charges.
- Unpaid rent.

Following are the new withholding tax rates for “income from property”

#### Div. V Income from Property Individual and Association of Persons

S.No.	Gross amount of rent	Rate of tax
(1)	Where the gross amount of rent does not exceed Rs.150,000.	Nil
(2)	Where the gross amount of rent exceeds Rs.150,000 but does not exceed Rs.1,000,000.	10 percent of the gross amount exceeding Rs.150,000.
(3)	Where the gross amount of rent exceeds Rs.1,000,000	Rs.85,000 plus 15% percent of the gross amount exceeding Rs.1,000,000.

#### Companies

The rate of tax to be deducted under section 155 in case of company shall be **15%** of the gross amount of rent

## Minimum tax on builders

Section 113A

Minimum Tax at the rates as the Federal Government shall notify in the official Gazette is imposed on the Income of the builders from the business of construction and sale of residential, commercial or other buildings.

## Minimum tax on Land Developers

Section 113B

Minimum Tax at the rates as the Federal Government shall notify in the official Gazette is imposed on the Income of the land developers from the business of development and sale of residential, commercial or other plots.

## Wealth Statement

Section 116

Threshold of filing of wealth statement is removed, now every taxpayer is required to file wealth statement alongwith reconciliation at the time of filing of tax return. This amendment is effective from Tax Year 2013 onward.

## Imports

Section 148

### Part II Rate Of Advance Tax

(a) In the case of industrial undertakings	5%
(b) All other cases of companies	5%
(c) All taxpayers other than above	5.5%
(d) Foreign produced film	12%

## 1. Salary

## Section 149

Salary Individuals are continued to avail the adjustment of tax deducted under other heads by and tax credits admissible under section 61, 62, 63 & 64 during the tax year by providing the documentary evidences to their employer. The concept of Marginal Relief has also been withdrawn.

The new tax rates, effective tax year 2014 for “salaried individuals” are as under:

**PART I**  
**DIVISION 1**  
**SALARIED INDIVIDUALS**

S.No	Taxable income.	Rate of tax.
(1)	(2) Where the taxable income	(3)
1.	does not exceed Rs.400,000	0%
2.	Exceeds Rs.400,000 but does not exceed Rs.750,000	5% of the amount exceeding Rs.400,000
3.	Exceeds Rs.750,000 but does not exceed Rs.1,400,000	Rs.17,500 + 10% of the amount exceeding Rs.750,000
4.	Exceeds Rs.1,400,000 but does not exceed Rs.1,500,000	Rs.82,500 + 12.5% of the amount exceeding Rs.1,400,000
5.	Exceeds Rs.1,500,000 but does not exceed Rs.1,800,000	Rs.95,000 + 15% of the amount exceeding Rs.1,500,000
6.	Exceeds Rs.1,800,000 but does not exceed Rs.2,500,000	Rs.140,000 + 17.5% of the amount exceeding Rs.1,800,000
7.	Exceeds Rs.2,500,000 but does not exceed Rs.3,000,000	Rs.262,500 + 20% of the amount exceeding Rs.2,500,000
8.	Exceeds Rs.3,000,000 but does not exceed Rs.3,500,000	Rs.362,500 + 22.5% of the amount exceeding Rs. 3,000,000
9.	Exceeds Rs.3,500,000 but does not exceed Rs.4,000,000	Rs.475,000 + 25% of the amount exceeding Rs. 3,500,000
10.	Exceeds Rs.4,000,000 but does not exceed Rs.7,000,000	Rs.600,000 + 27.5% of the amount exceeding Rs.4,000,000
11.	Exceeds Rs.7,000,000	Rs.1,425,000 + 30% of the amount exceeding Rs.7,000,000”;

## THE FIRST SCHEDULE

### PART I DIVISION 1 RATE OF TAX FOR AOPs & BUSINESS INDIVIDUALS

S.No	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where the taxable income does not exceed Rs.400,000	0%
2.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.750,000	10% of the amount exceeding Rs.400,000
3.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,500,000	Rs.35,000 + 15% of the amount exceeding Rs.750,000
4.	Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.2,500,000	Rs.147,500 + 20% of the amount exceeding Rs.1,500,000
5.	Where the taxable income exceeds Rs.2,500,000 but does not exceed Rs.4,000,000	Rs.347,500 + 25% of the amount exceeding Rs.2,500,000
6.	Where the taxable income exceeds Rs.4,000,000 but does not exceed Rs.6,000,000	Rs. 722,500 + 30% of the amount exceeding Rs.4,000,000
7.	Where the taxable income exceeds Rs.6,000,000	Rs. 1,322,500 + 35% of the amount exceeding Rs.6,000,000"; and

### Part III Division III Payments for Goods & Services

	Companies	Other than Companies
Suppliers	3.5%	4%
Service	6%	7%
Contractor	6%	6.5%

### Div. VI      Prizes and winnings

The tax rate on prizes and winnings is 15% of the gross amount paid.

**Part IV**

**Div. IIB Rates for collection of tax by NCCPL**

A new division has been inserted for three persons namely member, margin financier and security lenders. The rate of deduction in the said division is @ 10% of profit, mark-up or interest earned.

**Div. III Tax on Motor Vehicles**

Where motor vehicle tax is collected in lump sum:

Engine capacity	Amount of tax
upto 1000cc	Rs.7,500
1001cc to 11199cc	Rs.12,500
1200cc to 1299cc	Rs.17,500
1300cc to 1599cc	Rs.30,000
1600cc to 1999cc	Rs.40,000
Above 2000cc	Rs.80,000

**Div. VI Cash Withdrawal from Bank**

0.3% on cash withdrawal in a day exceeding Rs. 50,000/-

**Div. VII Purchase of Motor Cars & Jeeps:**

Engine capacity	Amount of tax
upto 850cc	Rs.10,000
851cc to 1000cc	Rs.20,000
1001cc to 1300cc	Rs.30,000
1301cc to 1600cc	Rs.50,000
1601cc to 1800cc	Rs.75,000
1801cc to 2000cc	Rs.100,000
Above 2000cc	Rs.150,000

**Div. VIII Advance tax at the time of sale by Auction**

10% of the gross sale price of any property or goods sold by auction.

**Div XI Advance tax on functions and gatherings**  
**Under section 236D**

The rate of tax to be collected under each sub-sections (1) and (2) of section 236D shall be 10%.

**Div. XII**      **Advance tax on foreign-produced films and TV plays**  
**Under section 236E**

Foreign-produced TV drama serial	Rs.100,000/-per episode
Foreign-produced TV play (single episode)	Rs. 100,000

**Div. XIII**      **Cable Television Operator**  
**Under section 236F**

License Category as provided in PEMRA Rules 2009	Tax on License Fee	Tax on Renewal
H	Rs.7,500	Rs.10,000
H-1	Rs.10,000	Rs.15,000
H-II	Rs.25,000	Rs.30,000
R	Rs.5,000	Rs.30,000
B	Rs.5,000	Rs.40,000
B-1	Rs.30,000	Rs.50,000
B-2	Rs.40,000	Rs.60,000
B-3	Rs.50,000	Rs.75,000
B-4	Rs.75,000	Rs.100,000
B-5	Rs.87,500	Rs.150,000
B-6	Rs.175,000	Rs.200,000
B-7	Rs.262,500	Rs.300,000
B-8	Rs.437,500	Rs.500,000
B-9	Rs.700,000	Rs.800,000
B-10	Rs.875,500	Rs.900,000

The rate of tax to be collected by Pakistan Electronic Media Regulatory Authority under section 236 F in the case of IPTV, FM Radio FM Radio, MMDS Mobile TV, Mobile Audio Satellite TV Channel and Landing Rights shall be 20% of the permission fee or renewal fee as the case may be.

**Div. XIV**      **Advance tax on sale to distributors, dealers or wholesalers**  
**Under section 236G**

The rate of collection of tax under section 236G shall be 0.1% of the gross amount of sales.

**Div. XV**      **Advance tax on sale to retailers**  
**Under section 236H**

The rate of collection of tax under section 236H shall be 0.5% of the gross amount of sales.

**Div. XVI**    **Collection of advance tax by educational institutions**  
**Under section 236I**

The rate of collection of tax under section 236I shall be 5% of the amount of fee.

**Div. XVII**    **Advance tax on dealers, commission agents and arhatis, etc.**  
**Under section 236J**

Group	Amount of tax (per annum)
Group or Class A:	Rs. 10,000
Group or Class B:	Rs. 7,500
Group or Class C:	Rs. 5,000
Any other category:	Rs. 5,000

**2nd Schedule Part-II**  
**REDUCTION IN TAX RATES**

The full time teacher and researcher will get reduction in tax @ 40% in Tax year 2014

\*\*\*\*\*

**(SALES TAX )**  
**GOODS / SUPPLIES(FBR)**

- Further tax is to be charged @ 1% instead of 2%
- 9% additional sales tax should be charged on value addition by the Gas Transmission & Distribution Company from the CNG Stations

\*\*\*\*\*