



REANDA HAROON ZAKARIA ASSOCIATES

LEGAL & LITIGATION | TAX & CORPORATE LEGAL CONSULTANTS |
TRANSACTION & FINANCIAL ADVISORY

PROPOSED CHANGES IN DEDUCTION OF INCOME TAX AT SOURCE UNDER THE INCOME TAX ORDINANCE 2001 - EFFECTIVE AS AT 1ST JULY 2023 (SUBJECT TO APPROVAL OF FINANCE BILL 2023-24)

SECTION	PART	DIVISION	DESCRIPTION	EXISTING RATE	PROPOSED RATE
PAYMENTS TO NON-RESIDENTS U/S 152	III		The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (2A) of section 152 shall be		
	III	DIVISION II	in case of a company	4%	5%
	III	DIVISION II	in any other case	4.5%	5.5%
	III		The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (2A) of section 152 shall be		
	III	DIVISION II	in the cases 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, car rental services, building maintenance services, services rendered of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection and certification, testing and training services, oilfield services.	3%	4%
	III	DIVISION II	in cases other than sub-paragraph (i)		
	III	DIVISION II	in case of a company	8%	9%
	III	DIVISION II	in any other case	10%	11%
PAYMENTS FOR GOODS OR SERVICES U/S 153			The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (1) of section 153 (i.e. supplies of goods) shall be		
	III	DIVISION III	in case of a company	4%	5%
	III	DIVISION III	in any other case	4.5%	5.5%
			The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be		
	III	DIVISION III	in the cases 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, REIT management services, services rendered by National Clearing Company of Pakistan Limited.	3%	4%
	III		in case of rendering of or providing of services other than above		
	III	DIVISION III	in case of a company	8%	9%
	III	DIVISION III	in any other case	10%	11%
			The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (1) of section 153 (i.e. execution of contract) shall be		
	III	DIVISION III	in case of a company	6.5%	7.5%
	III	DIVISION III	in any other case	7%	8%
231AB			Advance Tax on Cash Withdrawal (Exceeding Rs. 50,000/- in aggregate in a day) for persons not appearing in ATL	Nil	0.6%
236Y	IV	DIVISION XXVII	Payment remitted to abroad through credit or debit card	1%	5%