

HIGHLIGHTS***Income Tax***

- Exemption limit for the salaried tax payers has been enhanced from Rs. 200,000 to Rs. 300,000.
- Exemption limit for the non-salaried tax payers has also been increased from Rs. 100,000 to Rs. 300,000.
- Rate of income tax collected from industrial and commercial consumers on electricity bill is reduced from 10% to 5%.
- E-filing of monthly withholding tax statements is done away with. Quarterly withholding tax statements will be required to be e-filed.
- Tax on interest free/concessionary interest loan provided by an employer to its employees has been withdrawn.
- Rate of final withholding tax on non-specified payments to non-residents who are not subject to Avoidance of Double Taxation Treaties has been reduced from 30% to 20%.
- Withholding tax deductible on debt instruments is proposed to be a final tax in order to relieve the non-resident tax payers of statutory requirement for filing income tax return.
- Tax credit of 10% will be allowed to companies for balancing, modernization and replacement.
- Income tax on AOPs has been enhanced from progressive average rate of 20% to flat rate of 25%.
- Capital gain tax (CGT) on stocks/shares has been imposed. CGT will be charged at 10% if the shares are held for less than 6 months, and in case shares are held for 6 months to 12 months it will be 7.5%. Shares held for more than one year will be exempt from CGT.
- Withholding tax rate on commercial imports has been enhanced from 4% to 5% as a final tax.

- Withholding tax rate on banking transactions has been extended to other modes of withdrawal including demand draft, pay orders, online transfers, etc. at a rate of 0.3%.
- Turnover tax on loss making companies and AOPs has been increased from 0.5% to 1%.
- Withholding tax will be collected at the rate of 5% on gross value of the ticket on domestic air travel.

Sales Tax

- Levy of sales tax increased from 16% to 17%.
- Requirement for the maintenance of records and documents has been increased from 5 to 6 years.
- Commissioner has been given powers to determine the arms-length value of taxable supplies between associates.
- FBR has been authorized to select the cases for audit through random/parametric balloting.

The Federal Excise Duty

- Duty on all categories of cigarettes has been increased.
- Duty has been imposed on filter rod of cigarette at Rs. 1 per rod.
- Duty on natural gas has increased from Rs. 5 to Rs. 10 per MMBTU.
- Duty at 10% ad.val has been levied on air conditioners and deep freezers.

The Customs Act

- Duty on import of crude palm oil has been reduced from Rs. 9,000 to Rs. 8,000 per metric ton.
- Duty on x-ray films and rice processing machinery has been withdrawn.
- Import of road sweeping lorries by civic bodies has been allowed at concessionary rate of 5%.

Miscellaneous Statutes

- Per annum amount payable to former Chairman Senate and Speakers National Assembly has been increased from Rs. 600,000 to Rs. 1,000,000.
- Petroleum levy on CNG (Compressed Natural Gas) has been withdrawn.