

Section 111(1)

and the person offers no explanation about the nature and source of the amount credited or the investment, money, valuable article, or funds from which the expenditure was made ¹[, suppression of any production, sales, any amount chargeable to tax and of any item of receipt liable to tax] or the explanation offered by the person is not, in the Commissioner's opinion, satisfactory, the amount credited, value of the investment, money, value of the article, or amount of expenditure ²[, suppressed amount of production, sales or any amount chargeable to tax or of any item of receipt liable to tax] shall be included in the person's income chargeable to tax under head "Income from ³[Other Sources]" to the extent it is not adequately explained ⁴[:]

⁵[Provided that where a taxpayer explains the nature and source of the amount credited or the investment made, money or valuable article owned or funds from which the expenditure was made, by way of agricultural income, such explanation shall be accepted to the extent of agricultural income worked back on the basis of agricultural income tax paid under the relevant provincial law.]

⁶[(2) The amount referred to in sub-section (1) shall be included in the person's income chargeable to tax-

- (a) in the tax year to which such amount relates if the amount representing investment, money, valuable article or expenditure is situated or incurred in Pakistan or concealed income is Pakistan-source; and
- (b) in the tax year immediately preceding the tax year in which the investment, money, valuable article or expenditure is discovered by the Commissioner and is situated or incurred outside Pakistan and concealed income is foreign-source.]

⁷[(3) Where the declared cost of any investment or valuable article or the declared amount of expenditure of a person is less than reasonable cost of the

¹ The words and comma inserted by the Finance Act, 2011.

² The words and comma inserted by the Finance Act, 2011.

³ Substituted for the word "Business" by the Finance Ordinance, 2002.

⁴ Substituted for the full-stop by the Finance Act, 2013.

⁵ Proviso inserted by the Finance Act, 2013.

⁶ Sub-section (2) substituted by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

⁷ Sub-section (3) substituted by the Finance Act, 2003.

LEGISLATIVE HISTORY

Section 111(2)-Substitution.-Before substitution by the Income Tax (Amendment) Ordinance, 2018, sub-section (2) read as under:

"(2) The amount referred to in sub-section (1) shall be included in the person's income chargeable to tax in the tax year ⁶[to which such amount relates]."

¹Substituted for the words "[immediately preceding the financial year]" in which it was discovered by the Commissioner" by the Finance Act, 2010. *The words inserted by the Finance Act, 2004.

Section 111(3)-Substitution.-Before substitution by the Finance Act, 2003, sub-section (3) read as under:

"(3) Where the declared value of any investment, valuable article or expenditure of a person is less than the cost of the investment or valuable article, or the amount of the expenditure, the Commissioner may, having regard to all the circumstances, include the difference in the person's income chargeable to tax under the head "Income from ¹[Other Sources]" in the tax year in which the difference is discovered."

¹Substituted for the word "Business" by the Finance Ordinance, 2002.

investment or the valuable article, or the reasonable amount of the expenditure, the Commissioner may, having regard to all the circumstances, include the difference in the person's income chargeable to tax under the head "Income from Other Sources" in the tax year ¹[to which the investment, valuable article or the expenditure relates/.]

²[(4) Sub-section (1) does not apply,-

(a) to any amount of foreign exchange remitted from outside Pakistan through normal banking channels ³[not exceeding ten million Rupees in a tax year] that is encashed into rupees by a scheduled bank and a certificate from such bank is produced to that effect ⁴[.]

⁵[]]

⁶[(c) to an amount invested in acquiring immovable property and computed according to the following formula, namely:-

A – B

Where,--

A is the value of immovable property determined under section 68;

B is the value recorded by the authority registering or attesting the transfer:

Provided that this value shall only apply if the value as computed under section 68 is greater than the value recorded by the authority registering or attesting the transfer;

Explanation: For the removal of doubt, it is clarified that,--(1) Sub-section (1) shall continue to apply to the amount

¹ Substituted for the words "immediately preceding the financial year in which the difference is discovered" by the Finance Act, 2010.

² Sub-section (4) substituted by the Finance Act, 2004.

³ Words inserted by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

⁴ Substituted for the semi-colon and word "; and" by the Finance Act, 2010.

⁵ Clause (b) omitted by the Finance Act, 2010.

⁶ Clause (c) inserted by the Income Tax (Fourth Amendment) Act, 2016, dated 06.12.2016.

LEGISLATIVE HISTORY

Section 111(4)-Substitution.-Before substitution by the Finance Act, 2004, sub-section (4) read as under:

"(4) Sub-section (1) does not apply to any amount of foreign exchange remitted ¹[] from outside Pakistan through normal banking channels that is encashed into rupees by a scheduled bank and a certificate from such bank is produced to that effect."

¹The words "by a person" omitted by Finance Act, 2003.

Section 111(4)(b)-Omission.-The omitted clause (b) read as under:

"(b) to any amount referred to in sub-section (1), relating to a period beyond preceding five tax years or assessment years."

representing value recorded by the authority registering or attesting the transfer.

(2) Where a person has paid tax under section 236W, the person shall be entitled to incorporate in the books of accounts the amount computed under this clause in tangible form.]

(5) The ¹[Board] may make rules under section ²[237] for the purposes of this section.

¹ The words "Central Board of Revenue" substituted by the Finance Act, 2007.

² Substituted for figure "232" by the Finance Ordinance, 2002.

READY REFERENCE

UNEXPLAINED CASH CREDIT, INVESTMENTS, etc. [Section 13]

Following is an extract from CBR's Circular No. 4 of 1979, dated August 23, 1979:-

The provisions regarding the taxability of unexplained cash credits, investments, unaccounted for assets and expenditures (Section 4(2A)-(2F) of the repealed Act) have been rationalised and redrafted to remove ambiguities, etc. (Section 13). Provision has also been made for giving the assessee a reasonable opportunity of being heard before the value of any such investment, etc. is determined by the Income Tax Officer.

Instructions have been issued that the approval of IAC should be obtained in all those cases where such approval was necessary under the repealed Act.

It should be noted that to preclude legal controversies, provision has also been made for the taxation of the sums involved under the head "Income from other sources" [Section 30(2)(c)].

UN-EXPLAINED INVESTMENTS etc.

Following is an extract from CBR's Circular No. 06 of 1987, dated July 05, 1987:-

An amendment has been made in sub Section (1) of Section 13 by introduction of a new proviso therein, Now, when any assets, investment, expenditure etc. is discovered by the Income-tax Officer after the assessment of the relevant income year has been made, the deemed income (if any) under Section 13 shall be included in the total income of the income year relevant to the assessment year in which such discovery was made. For example, if an investment was made in the income year relevant to the assessment year 1985-86 and the fact of such investment is discovered by the Income-tax Officer during the assessment year 1987-88, after the assessment for assessment year 1985-86 had been completed, the deemed income under Section 13 in respect of the said investment shall be included in the total income of the income year relevant to assessment year 1987-88 and not of the income year relevant to assessment year 1985-86. If, on the other hand, the assessment for the year 1985-86 is still pending at the time of the discovery, the deemed income, if any, will be included in the income of the income year relevant to the assessment year 1985-86.

UNEXPLAINED/UNDERVALUED ASSETS, INVESTMENTS AND EXPENDITURE:

Following is an extract from CBR's Circular No. 14, 1992, dated July 01, 1992:-

Amendment has been made in Section 13 of the Ordinance to the effect that only one final approval by the IAC will suffice for assessing the unexplained/undervalued assets, assessments and expenditure as deemed income of the assessee. This, being a procedural amendment, as held by courts, is retroactive and applicable to all cases and at all stages of assessment and appeals. The procedure of approval under this section has been simplified to prevent loss of revenue merely on account of technical lapses on the part of the departmental

READY REFERENCE

officers. The principles of justice and fair play will continue to permeate the judicious exercise of these powers.

VALUATION OF UNEXPLAINED INVESTMENTS: [Section 13(3)]

Following is an extract from CBR's Circular No. 06 of 1997, dated July 15, 1997:-

A new sub-section (3) has been added to section 13 to enable the Board to frame rules for determining the value of any article or property for the purposes of said section.

TAXATION OF UNEXPLAINED ASSETS NOT DISCLOSED IN WEALTH TAX RETURN: [Section 13 (1) (b), (c), & (d)]

Following is an extract from CBR's Circular No. 08 of 1999, dated July 27, 1999:-

Section 13 provides for taxation of assets not disclosed in wealth statement, and the sources of which are unexplained, as deemed income. As the law requires filing of a wealth tax return in certain cases and a wealth statement is not required to be filed alongwith the return in such cases, clauses (b), (c) and (d) of sub-section (1) of section 13 have been amended to clarify that action can be taken under that section where an asset is not disclosed in a wealth tax return and the assessee is unable to explain its source.

FOREIGN REMITTANCES: [Section 13(2A)]

Following is an extract from CBR's Circular No. 05, 2001, dated July 04, 2001:-

A new sub-section (2A) has been introduced in section 13 which envisages that sources of foreign remittances from abroad through normal banking channel, which are encashed from a schedule bank and a certificate of encashment is produced to that effect, would neither be probed nor would addition be made under section 13 on that account.

TAXATION OF UNEXPLAINED INVESTMENT OR EXPENDITURE.

Following is an extract from CBR's Circular No. 17 of 2004, dated July 17, 2004:-

Sub-section (2) of section 111 has been amended to tax the unexplained investment or expenditure in the tax year immediately preceding the financial year in which the difference is discovered. Further, sub-section (4) has also been amended to restrict the application of sub-section (1) to preceding five tax years or assessment years from current tax year.

Section 114(1)(b)(ii)

- (ii) claims a loss carried forward under this Ordinance for a tax year;
- (iii) owns immovable property with a land area of two hundred and fifty square yards or more or owns any flat located in areas falling within the municipal limits existing immediately before the commencement of Local Government laws in the provinces; or areas in a Cantonment; or the Islamabad Capital Territory ¹[;]
- ²[(iv) owns immovable property with a land area of five hundred square yards or more located in a rating area;
- (v) owns a flat having covered area of two thousand square feet or more located in a rating area;
- (vi) owns a motor vehicle having engine capacity above 1000CC; ³[]
- (vii) has obtained National Tax Number ⁴[; or]
- ⁵[(viii) is the holder of commercial or industrial connection of electricity where the amount of annual bill exceeds rupees ⁶[five hundred thousand] ⁷[; ⁸[]]
- ⁹[(ix) is ¹⁰[a resident person] registered with any Chamber of Commerce and Industry or any trade or business association or any market committee or any professional body including Pakistan Engineering Council, Pakistan Medical and Dental Council, Pakistan Bar Council or any Provincial Bar Council, Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan ¹¹[; or]
- ¹²[(x) every resident person being an individual required to file foreign income and assets statement under section 116A.]

¹³[(1A) Every individual whose income under the head 'Income from business' exceeds rupees three hundred thousand but does not exceed rupees

¹ Substituted for the full-stop by the Finance Act, 2009.

² Sub-clauses (iv) to (vii) inserted by the Finance Act, 2009.

³ The word "and" omitted by the Finance Act, 2011.

⁴ The semi-colon and word inserted by the Finance Act, 2011.

⁵ Sub-clause (viii) inserted by the Finance Act, 2011.

⁶ Substituted for the words "one million" by the Finance Act, 2013.

⁷ Substituted for the full-stop by the Finance Act, 2013.

⁸ Word "or" omitted by the Income Tax Ordinance, 2018, dated 08.04.2018.

⁹ Sub-clause (ix) inserted by the Finance Act, 2013.

¹⁰ Words inserted by the Finance Act, 2014.

¹¹ Substituted for the full-stop by the Income Tax Ordinance, 2018, dated 08.04.2018.

¹² Sub-clause (x) inserted by the Income Tax Ordinance, 2018, dated 08.04.2018.

¹³ Sub-section (1A) inserted by the Finance Act, 2011.

¹[four hundred thousand] in a tax year is also required to furnish return of income for the tax year.]

²[(2) A return of income -

(a) shall be in the prescribed form and shall be accompanied by such annexures, statements or documents as may be prescribed;

(b) shall fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer; ³[]

(c) shall be signed by the person, being an individual, or the person's representative where section 172 applies ⁴[;]

⁵[(d) shall be accompanied with evidence* of payment of due tax as per return of income; ⁶[]

(e) shall be accompanied with a wealth statement as required under section 116 ⁷[/; and/]

⁸[(f) shall be accompanied with a foreign income and assets statement as required under section 116A.]

⁹[(2A) A return of income filed electronically on the web or any magnetic media or any other computer readable media as may be specified by the Board shall also be deemed to be a return for the purpose of sub-section (1); and the Board may, by notification in the official Gazette, make rules for determining eligibility of the data of such returns and e-intermediaries who will digitise the data of such returns and transmit the same electronically to the Income Tax Department under their digital signatures ¹⁰[and other matters relating to electronic filing of returns, statements or documents, etc.].]

¹ Substituted for the words "three hundred and fifty thousand" by the Finance Act, 2013.

² Sub-section (2) substituted by the Finance Act, 2003.

³ The word "and" omitted by the Finance Act, 2011. Earlier it was inserted by the Finance Act, 2005.

⁴ Full-stop substituted by the Finance Act, 2011.

⁵ Clauses (d) & (e) inserted by the Finance Act, 2011.

⁶ Word "and" omitted by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

⁷ Substituted for the full-stop by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

⁸ Clause (f) inserted by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

⁹ Sub-section (2A) inserted by the Finance Act, 2005.

¹⁰ The words inserted by the Finance Act, 2007.

*Due to typographical mistake the word "evidence" appears as "evidence" in original.

LEGISLATIVE HISTORY

Section 114(2)-Substitution.-Before substitution by the Finance Act, 2003, sub-section (2) read as under:

"(2) A return of income –

- (a) shall be in the prescribed form;
- (b) shall state the information required by the form, including a declaration of the records kept by the taxpayer;
- (c) in the case of a person carrying on a business, shall include an income statement, balance sheet, and any other document as may be prescribed for the tax year; and
- (d) shall be signed by the person or the person's representative."

Section 114(3)(e)

(3) The Commissioner may, by notice in writing, require a person, or a person's representative, as the case may be, to furnish a return of income by the date specified in the notice for a period of less than twelve months, where -

- (a) the person has died;
- (b) the person has become bankrupt or gone into liquidation;
- (c) the person is about to leave Pakistan permanently;
- ¹[]
- (e) the Commissioner otherwise considers it appropriate to require such a return to be furnished.

(4) Subject to sub-section (5), the Commissioner may, by notice in writing, require any person who, in the Commissioner's opinion, is required to file a return of income under this section for a tax year ²[or assessment year] but who has failed to do so to furnish a return of income for that year within thirty days from the date of service of such notice or such longer ³[or shorter] period as may be specified in such notice or as the Commissioner may allow.

(5) A notice under sub-section (4) may be issued ⁴[in respect of one or more] ⁵[of the] last five completed tax years ⁶[or assessment years] ⁷[:]

⁸[Provided that in case of a person who has not filed return for any of the last five completed tax years, notice under sub-section (4) may be issued in respect of one or more of the last ten completed tax years ⁹[:]]

¹⁰[Provided further that the time-limitation provided under this sub-section shall not apply if the Commissioner is satisfied on the basis of reasons to be recorded in writing that a person who failed to furnish his return has foreign income or owns foreign assets.]

¹¹[(6) Subject to sub-section (6A), any person who, having furnished a return, discovers any omission or wrong statement therein, may file revised return subject to the following conditions, namely:-

¹ Clause (d) omitted by Finance Act, 2003. Earlier this was omitted by S.R.O. 633(I)/2002 dated 14.09.2002 which stands rescinded by SRO 608(I)/2003, dated 24.06.2003 with effect from 01.07.2003.

² The words inserted by the Finance Act, 2003.

³ Words inserted by the Finance Act, 2013.

⁴ The words "only in respect of the" substituted by Finance Act, 2003. Earlier these were substituted by S.R.O. 633(I)/2002 dated 14.09.2002 which stands rescinded by SRO 608(I)/2003, dated 24.06.2003 with effect from 01.07.2003.

⁵ The words inserted by the Finance Act, 2005.

⁶ The words inserted by the Finance Act, 2004.

⁷ Substituted for the full-stop by the Finance Act, 2016.

⁸ Proviso inserted by the Finance Act, 2016.

⁹ Substituted for the full-stop by the Income Tax (Amendment) Ordinance, dated 08.04.2018.

¹⁰ Proviso inserted by the Income Tax (Amendment) Ordinance, dated 08.04.2018.

¹¹ Sub-section (6) substituted by the Finance Act, 2010 and shall have deemed to have taken effect from the 5th June, 2010. Earlier it was substituted by the Finance Act, 2009.

LEGISLATIVE HISTORY

Section 114(3)(d)-Omission.-Before omission by the Finance Act, 2003, clause (d) read as under:

"(d) the person is otherwise about to cease carrying on business in Pakistan; or "

- (a) it is accompanied by the revised accounts or revised audited accounts, as the case may be; ¹[]
- (b) the reasons for revision of return, in writing, duly signed, by the taxpayers are filed with the return ²;/ ³[]
- ⁴(ba) it is accompanied by approval of the Commissioner in writing for revision of return; and]
- ⁵[(c) taxable income declared is not less than and loss declared is not more than income or loss, as the case may be, determined by an order issued under sections 121, 122, 122A, ⁶[] 129, 132, 133 or 221:

Provided that if any of the above conditions is not fulfilled, the return furnished shall be treated as an invalid return as if it had not been furnished ⁷[:]

⁸[Provided further that the condition specified in clause (ba) shall not apply if revised return is filed within 60 days of filing of return.

⁹[Provided also that condition specified in clause (ba) shall not apply and the approval required thereunder shall be deemed to have been granted by the Commissioner, if—

¹ The word "and" omitted by the Finance Act, 2012.

² Substituted for the full-stop by the Finance Act, 2012.

³ Word "and" omitted by the Finance Act, 2013.

⁴ Clause (ba) inserted by the Finance Act, 2013.

⁵ Clause (c) inserted by the Finance Act, 2012.

⁶ Word etc. "122C," deleted by Finance Act, 2017.

⁷ Substituted for the full-stop by the Finance Act, 2015.

⁸ Provisos inserted by the Finance Act, 2015.

⁹ Proviso substituted by the Finance Act, 2016.

LEGISLATIVE HISTORY

Section 114(6)-Substitution.-Before substitution by the Finance Act, 2010, sub-section (6) read as under:

"(6) Any person who, having furnished a return, discovers any omission or wrong statement therein, without prejudice to any other liability, which he may incur under this Ordinance, may furnish a revised return for that tax year at any time, within five years from the end of the financial year in which original return was filed, subject to the following, namely:—

- (a) it is accompanied by the revised accounts or revised audited accounts, as the case may be;
- (b) the reason of revision of return, in writing, duly signed, is filed therewith; and
- (c) it is filed before the issuance of the notice for amendment of assessment."

Section 114(6)-Substitution.-Before substitution by the Finance Act, 2009, sub-section (6) read as under:

"(6) Any person who, having furnished a return, discovers any omission or wrong statement therein, may furnish a revised return within five years of the date that the original return was furnished."

Section 114(6) Proviso-Substitution.-Before substitution by the Finance Act, 2016, proviso read as under:

"Provided also that where the Commission has not made an order of approval in writing, for revision of return, before the expiration of sixty days from the date when the revision of return was sought, the approval required under clause (ba) shall be deemed to have been granted by the Commissioner, and condition specified in clause (ba) shall not apply:"

- (a) the Commissioner has not made an order of approval in writing, for revision of return, before the expiration of sixty days from the date when the revision of return was sought; or
- (b) taxable income declared is more than or the loss declared is less than the income or loss, as the case may be, determined under section 120.]

Provided further the mode and manner for seeking the revision shall be as prescribed by the Board.]

¹[(6A) If a taxpayer ²[files] a revised return voluntarily along with deposit of the amount of tax short paid or amount of tax sought to be evaded along with the default surcharge, whenever it comes to his notice, before receipt of notice under sections 177 or sub-section (9) of 122, no penalty shall be recovered from him:

¹ Sub-section (6A) inserted by the Finance Act, 2010 and shall have deemed to have taken effect from the 5th June, 2010.

² The words "wishes to file" substituted by the Finance Act, 2011.

READY REFERENCE

REQUIREMENT OF APPROVAL OF THE COMMISSIONER FOR REVISION OF RETURN

Following is an extract from the FBR's Circular No. 02 of 2015, dated July 24, 2015:-

Clause (ba) of sub-section (6) of section 114, envisages approval of the Commissioner in writing for revision of return. Through the Finance Act, 2015 it has been provided that such approval shall not be required if the return is revised within 60 days of filing of the original return. In cases where approval of Commissioner is required for revision and no such order has been made within sixty days, approval shall be deemed to have been granted and the condition specified in clause (ba) of sub-section (6) of section 114 shall not apply.

¹[**116A. Foreign income and assets statement.**- (1) Every resident taxpayer being an individual having foreign income equal to or in excess of ten thousand United States dollars or having foreign assets with a value of one hundred thousand United States dollars or more shall furnish a statement, hereinafter referred to as the foreign income and assets statement, in the prescribed form and verified in the prescribed manner giving particulars of --

- (a) the person's total foreign assets and liabilities as on the last day of the tax year;
- (b) any foreign assets transferred by the person to any other person during the tax year and the consideration for the said transfer; and
- (c) complete particulars of foreign income, the expenditure derived during the tax year and the expenditure wholly and necessarily for the purposes of deriving the said income.

(2) The Commissioner may, by a notice in writing, require any person being an individual, who in the opinion of the Commissioner on the basis of reasons to be recorded in writing, was required to furnish a foreign income and assets statement under sub-section (1) but who has failed to do so, to furnish the foreign income and assets statement on the date specified in the notice.]

117. Notice of discontinued business.- (1) Any person discontinuing a business shall give the Commissioner a notice in writing to that effect within fifteen days of the discontinuance.

(2) The person discontinuing a business shall, under the provisions of this Ordinance or on being required by the Commissioner by notice, in writing, furnish a return of income for the period commencing on the first day of the tax year in which the discontinuance occurred and ending on the date of discontinuance and this period shall be treated as a separate tax year for the purposes of this Ordinance.

(3) Where no notice has been given under sub-section (1) but the Commissioner has reasonable grounds to believe that a business has discontinued or is likely to discontinue, the Commissioner may serve a notice on the person who has discontinued the business or is likely to discontinue the business to furnish to the Commissioner within the time specified in the notice a return of income for the period specified in the notice.

(4) A return furnished under this section shall be treated for all purposes of this Ordinance as a return of income, including the application of Section 120.

¹ Section 116A inserted by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

READY REFERENCE**REVISION OF WEALTH STATEMENT UNDER SECTION 116 OF THE INCOME TAX ORDINANCE, 2001**

Following is an extract from Circular No. 04 of 2017, dated September 06, 2017:-

Prior to the Finance Act, 2017 a person was legally empowered to file revised wealth statement alongwith wealth reconciliation and reasons for filing of such revised wealth statement at any time before the passing of an amended assessment order under section 122(1) or 122(4) of the Ordinance.

Suitable amendment has been made in sub-section (3) of section 116 of the Ordinance through the Finance Act, 2017 whereby a taxpayer shall forthwith only be able to revise wealth statement prior to issuance of notice under section 122(9) of the Ordinance for proposed amendment of assessment. This amendment shall not be applicable for the cases where Wealth statements have been revised prior to 1st July, 2017.

RETURN ALONGWITH A NOTICE TO BE FILED, IN THE CASE OF DISCONTINUED BUSINESS, WITHIN 15 DAYS.

Following is an extract from Circular No. 15 of 1980, dated June 26, 1980:-

In case of discontinued business a notice alongwith return of income has to be filed within 15 days of the discontinuation of business. In view of the difficulty in filing of return within this short period of 15 days, the requirement of filing return has been dispensed with. A notice to the ITO within this period shall continue to be obligatory.

COMPLETE INCOME TAX LAW
with
READY REFERENCE

118. Method of furnishing returns and other documents.-(1) A return of income under section 114,¹[] a statement required under sub-section (4) of section 115²[,] a wealth statement under section 116³[or a foreign income and assets statement under 116A, if applicable] shall be furnished in the prescribed manner.

(2) A return of income⁴[under section 114 or a statement under sub-section (4) of section 115] of a company shall be furnished –

- (a) in the case of a company with a tax year ending any time between the first day of January and the thirtieth day of June, on or before the thirty-first day of December next following the end of the tax year to which the return relates; or
- (b) in any other case, on or before the thirtieth day of September next following the end of the tax year to which the return relates.

⁵[(2A) Where salary income for the tax year is five hundred thousand rupees or more, the taxpayer shall file return of income electronically in the prescribed form and it shall be accompanied by the proof of deduction or payment of tax and wealth statement as required under section 116³[or a foreign income and assets statement under 116A, if applicable]⁶[:]]

⁷[Provided that the Board may amend the condition specified in this sub-section or direct that the said condition shall not apply for a tax year.]

⁸[(3) A return of income for any person (other than a company),⁹[] or a statement required under sub-section (4) of section 115 shall be furnished as per the following schedule, namely:-

- ¹⁰[(a) in the case of a statement required under sub-section (4) of section 115 or a return required to be filed through e-portal in the case of a salaried individual, on or before the 31st day of

¹ Words etc. "an employer's certificate under section 115," omitted by the Finance Act, 2013.

² Substituted for the word "or" by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

³ Words etc. inserted by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

⁴ The words and figures inserted by the Finance Act, 2003.

⁵ Sub-section (2A) inserted by the Finance Act, 2013.

⁶ Substituted for the full-stop by the Finance Act, 2015.

⁷ Proviso inserted by the Finance Act, 2015.

⁸ Sub-section (3) substituted by the Finance Act, 2010.

⁹ Words and comma "an Annual Statement of deduction of income tax from salary, filed by the employer of an individual" omitted by the Finance Act, 2013.

¹⁰ Clause (a) substituted by the Finance Act, 2013.

LEGISLATIVE HISTORY

Section 118(3)(a)-Substitution.—Before substitution by the Finance Act, 2013, Clause (a) read as under:-

- "(a) In the case of an Annual Statement of deduction of income tax from salary, filed by the employer of an individual, return of income through e-portal in the case of a salaried person or a statement required under sub-section (4) of section 115, on or before the 31st day of August next following the end of the tax year to which the return, Annual Statement of deduction of income tax from salary, filed by the employer or statement relates."

Section 118(3)-Substitution.—Before substitution by the Finance Act, 2010, sub-section (3) read as under:-

- "(3) A return of income for any person (other than a company), an employer certificate of an individual or a statement required under sub-section (4) of section 115 shall be furnished on or before the thirtieth day of September next following the end of the tax year to which the return, certificate or statement relates."

August next following the end of the tax year to which the statement or return relates; or]

- (b) in the case of a return of income for any person (other than a company), as described under clause (a), on or before the 30th day of September next following the end of the tax year to which the return relates.]

(4) A wealth statement shall be furnished by the due date specified in the notice requiring the person to furnish such statement or, where the person is required to furnish the wealth statement for a tax year under sub-section (2) of section 116, by the due date for furnishing the return of income for that year.

(5) A return required to be furnished by a notice issued under section 117 shall be furnished by the due date specified in the notice.

READY REFERENCE

CHANGE IN DEADLINE FOR FILING OF ANNUAL STATEMENT BY THE EMPLOYER [Section 118(3)]

Following is an extract from FBR's Circular No. 10 of 2010, dated July 16, 2010:-

Sub-section (3) of section 118 has been substituted to provide for change in deadline for furnishing of annual statement of deduction of income tax from salary to be filed by an employer of an individual, return of income through e-portal in the case of a salaried person or a statement required under sub-section (4) of section 115 of the Income Tax Ordinance, 2001 from 30th day of September after the end of tax year to **31st day of August after the end of tax year.**

Last date for filing of income tax return in the case of individual and AOPs (30th September) remains unchanged. Also the deadline for filing of income tax return in the cases of the companies remains unchanged.

METHOD OF FURNISHING RETURNS AND OTHER DOCUMENTS [Section 118]

Following is an extract from FBR's Circular No. 06 of 2013, dated July 19, 2013:-

The following changes have been made in section 118 through Finance Act, 2013. The changes are:

- (a) The concept of treatment of an 'employer's certificate or an Annual Statement of deduction of income tax from salary filed by the employer as a return on behalf of the taxpayer has been abolished to make it compulsory for the salaried individuals deriving salary income above rupees four hundred thousand to file a return of income along with wealth statement and wealth reconciliation statement.
- (b) Where salary income for the tax year is five hundred thousand rupees or more, the taxpayer is required to file return of income electronically in the prescribed form accompanied by the proof of deduction or payment of tax and wealth statement as required under section 116 along with wealth reconciliation statement.
- (c) The date of electronic filing of returns by salaried persons, and a statement required under sub-section (4) of section 115 by persons falling in PTR is 31st day of August next following the end of the tax year to which the statement or return relates.

INDIVIDUALS EARNING TAXABLE SALARY INCOME ARE LIABLE TO FILE THEIR INCOME TAX RETURNS ELECTRONICALLY

Following is the text of Notification No. SRO 791(I)/2015, dated August 10, 2015:-

S.R.O. 791(I)/2015, Islamabad, the 10th August, 2015.- In exercise of the powers conferred by the proviso to sub-section (2A) of section 118 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Government is pleased to direct that all individuals earning taxable salary income shall be liable to file their Income Tax return electronically from Tax Year 2015 onwards. The condition of five hundred thousand rupees or more, as provided in the said sub-section shall not be applicable until further orders.

derogation of any punishment to which he may be liable under this Ordinance or any other law, be liable to the penalty mentioned against that offence in column (3) thereof:—

TABLE

S. No.	Offences.	Penalties.	Section of the Ordinance to which offence has reference.
(1)	(2)	(3)	(4)
1.	¹ [Where any person fails to furnish a return of income as required under section 114 within the due date].	² [Such person shall pay a penalty equal to 0.1% of the tax payable in respect of that tax year for each day of default subject to a maximum penalty of 50% of the tax payable provided that if the penalty worked out as aforesaid is less than twenty thousand rupees or no tax is payable for that tax year such person shall pay a penalty of twenty thousand rupees] ³ [: <i>Explanation.</i> —For the purposes of this entry, it is declared that the expression “tax payable means tax chargeable on the taxable income on the basis of assessment made or treated to have been made under section 120, 121, 122 or 122C.]	114 ⁴ [and 118]
⁵ [1A.	Where any person fails to furnish a statement as	Such person shall pay a penalty of Rs.2500 for each	115, 116 and 165A* ⁶ [, 165A and 165B]

*Word and figure “and 165A” become superfluous after making amendments by the Finance Act, 2016.

¹ Substituted for the words “Where any person fails to furnish a return of income or a statement as required under section 115 or wealth statement or wealth reconciliation statement or statement under section 165 within the due date” by the Finance Act, 2013.

² Substituted for the word etc. “Such person shall pay a penalty equal to 0.1 %of the tax payable for each day of default subject to a minimum penalty of five thousand rupees and a maximum penalty of 25% of the tax payable in respect of that tax year” by the Finance Act, 2013.

³ Substituted for the full-stop thereafter an explanation inserted by the Finance Act, 2011.

⁴ Substituted for the figures etc. “, 115,116 and 165” by the Finance Act, 2013.

⁵ S.Nos. 1A & 1AA inserted by the Finance Act, 2013.

⁶ Comma and words etc. inserted by the Finance Act, 2016.

Section 182(1)

	required under section 115, 165 or 165A* ¹ [, 165A or 165B] within the due date.	day of default subject to a minimum penalty of ² [ten] thousand rupees.	
1AA.	Where any person fails to furnish wealth statement or wealth reconciliation statement.	Such person shall pay a penalty of ³ [0.1% of the taxable income per week or Rs. 20,000, whichever is higher].	114, 115 and 116.]
⁴ [IAAA	Where any person fails to furnish a foreign assets and income statement within the due date.	Such persons shall pay a penalty of 2 percent of the foreign income or value of the foreign assets for each year of default.	116A]
2.	Any person who fails to issue cash memo or invoice or receipt when required under this Ordinance or the rules made thereunder.	Such person shall pay a penalty of five thousand rupees or three per cent of the amount of the tax involved, whichever is higher.	174 and Chapter VII of the Income Tax Rules
3.	Any person who is required to apply for registration under this Ordinance but fails to make an application for registration.	Such person shall pay a penalty of five thousand rupees.	181
4.	Any person who fails to notify the changes of material nature in the particulars of registration.	Such person shall pay a penalty of five thousand rupees.	181
5.	Any person who fails to deposit the amount of tax due or any part thereof in the time or manner laid down under this Ordinance or rules	Such person shall pay a penalty of five per cent of the amount of the tax in default. For the second default an additional penalty of 25%	137

*Word and figure "or 165A" become superfluous after making amendment by the Finance Act, 2016.

¹ Word and figure inserted by the Finance Act, 2016.

² Substituted for the word "fifty" by the Finance Act, 2015.

³ Substituted for the words and figure "Rs. 100 for each day of default" by the Finance Act, 2015.

⁴ Serial No. 1AAA and entries relating thereto inserted by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

made thereunder.

¹[Provided that if the person opts to pay the tax due on the basis of an order under section 129 on or before the due date given in the notice under sub-section (2) of section 137 issued in consequence of the said order, and does not file an appeal under section 131 the penalty payable shall be reduced by 50%.]

of the amount of tax in default.

For the third and subsequent defaults an additional penalty of 50% of the amount of tax in default.

¹ Proviso inserted by the Finance Act, 2011.

COMPLETE INCOME TAX LAW
with
READY REFERENCE

THE FIRST SCHEDULE

PART I RATES OF TAX (See Chapter II)

¹Division I Rates of Tax for Individuals

(1) With effect from 1st day of July 2018, the rates of tax imposed on the taxable income of every individual shall be as set out in the following Table, namely:-

TABLE

S.No.	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where the taxable income does not exceed Rs. 1,200,000	0%
2.	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.2,400,000	5% of the amount exceeding Rs.1,200,000
3.	Where the taxable income exceeds Rs.2,400,000 but does not exceed Rs.4,800,000	Rs. 60,000 + 10% of the amount exceeding Rs.2,400,000
4.	Where the taxable income exceeds Rs.4,800,000	Rs. 180,000 + 15% of the amount exceeding Rs.48,000,000

Rates of Tax for Association of Persons

(2) The rates of tax imposed on the taxable income of every association of persons shall be as set out in the following Table, namely:-

TABLE

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.500,000	7% of the amount exceeding Rs.400,000

¹ Division I substituted by the Income Tax (Amendment) Ordinance, 2018, dated 08.04.2018.

3.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.750,000	Rs. 7,000 + 10% of the amount exceeding Rs.500,000
4.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,500,000	Rs.32,000 + 15% of the amount exceeding Rs.750,000
5.	Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.2,500,000	Rs.144,500 + 20% of the amount exceeding Rs.1,500,000
6.	Where the taxable income exceeds Rs.2,500,000 but does not exceed Rs.4,000,000	Rs.344,500 + 25% of the amount exceeding Rs.2,500,000
7.	Where the taxable income exceeds Rs.4,000,000 but does not exceed Rs.6,000,000	Rs.719,500 + 30% of the amount exceeding Rs.4,000,000
8.	Where the taxable income exceeds Rs.6,000,000	Rs.1,319,500 + 35% of the amount exceeding Rs.6,000,000

Provided that in the case of an association of persons that is a professional firm prohibited from incorporating by any law or the rules of the body regulating their profession, the 35% rate of tax mentioned against S. No. 8 of the Table shall be 32% for tax year 2016 and onwards.

(3) Where the taxable income in a tax year, other than income on which the deduction of tax is final, does not exceed one million Rupees of a person-

- (a) holding a National Database Registration Authority's Computerized National Identity Card for disabled persons; or
- (b) a taxpayer of the age of not less than sixty years on the first day of that tax year, the tax liability on such income shall be reduced by fifty per cent."

LEGISLATIVE HISTORY

Division I-Substitution.— Before substitution by the Income Tax (Amendment) Ordinance, 2018, Division I read as under:-

"Division I

Rates of Tax for Individuals¹ [and Association of Persons]

1. Subject to ²[clause] (1A) ⁴[], the rates of tax imposed on the taxable income of every individual ¹[and Association of Persons] ³[except a salaried taxpayer] ⁶[] shall be as set out in the following table, namely:-

⁸[TABLE

S.No.	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where the taxable income does not exceed Rs. 400,000	0%

LEGISLATIVE HISTORY

2.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.500,000	7% of the amount exceeding Rs. 400,000
3.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.750,000	Rs.7,000 + 10% of the amount exceeding Rs. 500,000
4.	Where the taxable income exceeds Rs. 750,000 but does not exceed Rs.1,500,000	Rs. 32,000 + 15% of the amount exceeding Rs. 750,000
5.	Where the taxable income exceeds Rs. 1,500,000 but does not exceed Rs. 2,500,000	Rs. 144,500 + 20% of the amount exceeding Rs.1,500,000
6.	Where the taxable income exceeds Rs. 2,500,000 but does not exceed Rs. 4,000,000	Rs. 344,500 + 25% of the amount exceeding Rs. 2,500,000
7.	Where the taxable income exceeds Rs. 4,000,000 but does not exceed Rs. 6,000,000	Rs. 719,500 + 30% of the amount exceeding Rs. 4,000,000
8.	Where the taxable income exceeds Rs. 6,000,000	Rs. 1,319,500 + 35% of the amount exceeding Rs. 6,000,000]

⁹[]

¹⁰[Provided that in the case of an association of persons that is a professional firm prohibited from incorporating by any law or the rules of the body regulating their profession, the 35% rate of tax mentioned against serial number 8 of the Table shall be 32% for tax year 2016 and onwards.]

¹¹[(1A) Where the income of an individual chargeable under the head "salary" exceeds fifty percent of his taxable income, the rates of tax to be applied shall be as set out in the following table namely: -

¹²[TABLE

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.500,000	2% of the amount exceeding Rs.400,000
3.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.750,000	Rs.2,000 + 5% of the amount exceeding Rs.500,000
4.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,400,000	Rs.14,500 + 10% of the amount exceeding Rs.750,000
5.	Where the taxable income exceeds Rs.1,400,000 but does not exceed Rs.1,500,000	Rs.79,500 + 12.5% of the amount exceeding Rs.1,400,000
6.	Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.1,800,000	Rs.92,000 + 15% of the amount exceeding Rs. 1,500,000
7.	Where the taxable income exceeds Rs. 1,800,000 but does not exceed Rs. 2,500,000	Rs.137,000 + 17.5% of the amount exceeding Rs. 1,800,000
8.	Where the taxable income exceeds Rs.2,500,000 but does not exceed Rs.3,000,000	Rs.259,500 + 20% of the amount exceeding Rs. 2,500,000
9.	Where the taxable income exceeds Rs.3,000,000 but does not exceed Rs.3,500,000	Rs.359,500 + 22.5% of the amount exceeding Rs. 3,000,000
10.	Where the taxable income exceeds Rs.3,500,000 but does not exceed Rs.4,000,000	Rs.472,000 + 25% of the amount exceeding Rs. 4,000,000
11.	Where the taxable income exceeds Rs.4,000,000 but does not exceed Rs.7,000,000	Rs.597,000 + 27.5% of the amount exceeding Rs. 4,000,000
12.	Where the taxable income exceeds Rs.7,000,000	Rs.1,422,000 + 30% of the amount exceeding Rs. 7,000,000]

LEGISLATIVE HISTORY

¹³[]

¹⁴[]

Provided further that Internally Displaced Persons Tax (IDPT), treated as income tax, on the tax payable on the taxable income of one million rupees or more, shall be levied at the rate of 5% of such tax, for tax year 2009 ¹⁵[]

¹⁶[]

¹⁷[(IB) Where the taxable income in a tax year, other than income on which the deduction of tax is final, does not exceed one million rupees of a person-

(i) holding a National Database Registration Authority's Computerized National Identity Card for disabled persons; or

¹⁸[(ii) a taxpayer of the age of not less than sixty years on the first day of that tax year, the tax liability on such income shall be reduced by fifty percent.]

¹⁹[]

²⁰[]

¹The words inserted by the Finance Act, 2012. Earlier the words "and Association of Persons" omitted by the Finance Act, 2010.

²The word, brackets and figure "clause (2)" substituted by the Finance Act, 2005. Earlier it was substituted for "clauses (2) and (3)" by the Finance Ordinance, 2002.

³The word "clauses" substituted by the Finance Act, 2006.

⁴The word, brackets and figure "and (2)" omitted by the Finance Act, 2006.

⁵The words inserted by the Finance Act, 2005.

⁶The words "or Association of Persons" omitted by the Finance Act, 2010.

⁷The words etc. "to which sub-section (1) of section 92 applies" omitted by the Finance Act, 2011.

⁸Table substituted by Finance Act, 2015. Earlier it was substituted by the Finance Act, 2013, the Finance Act, 2012, the Finance Act, 2011, the Finance Act, 2010, the Finance Act, 2006 and the Finance Act, 2004 respectively.

⁹Proviso omitted by the Finance Act, 2011.

¹⁰Proviso substituted by the Finance Act, 2015. Earlier the proviso was inserted by the Finance Act, 2009.

¹¹Clause (1A) inserted by the Finance Act, 2005.

¹²Table substituted by the Finance Act, 2015. Earlier it was substituted by the Finance Act, 2013, the Finance Act, 2012, the Finance Act, 2011, the Finance Act, 2010, the Finance Act, 2009, the Finance Act, 2008 and the Finance Act, 2006, respectively.

¹³Proviso omitted by the Finance Act, 2010.

¹⁴Proviso omitted by the Finance Act, 2013.

¹⁵Semi-colon and word "; and" omitted by the Finance Act, 2015.

¹⁶Sub-clause (2) omitted by the Finance Act, 2014.

¹⁷Clause (1B) inserted by the Finance Act, 2014.

¹⁸Sub-clause (ii) substituted by the Finance Act, 2015.

¹⁹Clause (2) omitted by the Finance Act, 2006.

²⁰Clause (3) omitted by the Finance Ordinance, 2002.

Clause (1) Table-Substitution.— Before substitution by the Finance Act, 2015, the Table read as under:-

"TABLE

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"

LEGISLATIVE HISTORY

Clause (1) Table-Substitution.— Before substitution by the Finance Act, 2013, the Table read as under:-

"TABLE

S. No.	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where 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	Rs.347,500+25% of the amount exceeding Rs.2,500,000."

Clause (1) Table-Substitution.— Before substitution by the Finance Act, 2012, the Table read as under:-

"TABLE

S. No.	Taxable income	Rate of tax
1	2	3
1.	Where taxable income does not exceed Rs.350,000	0%
2.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.500,000	7.50%
3.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.750,000	10%
4.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,000,000	15%
5.	Where the taxable income exceeds Rs.1,000,000 but does not exceed Rs.1,500,000	20%
6.	Where the taxable income exceeds Rs.1,500,000	25%"

Clause (1) Table-Substitution.— Before substitution by the Finance Act, 2011, the Table read as under:-

"TABLE

S. No.	Taxable income	Rate of tax
1	2	3
1.	Where taxable income does not exceed Rs.300,000	0%
2.	Where the taxable income exceeds Rs.300,000 but does not exceed Rs.500,000	7.50%
3.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.750,000	10%
4.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,000,000	15%
5.	Where the taxable income exceeds Rs.1,000,000 but does not exceed Rs.1,500,000	20%
6.	Where the taxable income exceeds Rs.1,500,000	25%"

Clause (1) Table-Substitution.— Before substitution by the Finance Act, 2010, the Table read as under:-

"TABLE

S.No.	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs.100,000	0%
2.	Where the taxable income exceeds Rs.100,000 but does not exceed Rs.110,000	0.50%
3.	Where the taxable income exceeds Rs.110,000 but does not exceed Rs.125,000	1.00%
4.	Where the taxable income exceeds Rs.125,000 but does not exceed Rs.150,000	2.00%
5.	Where the taxable income exceeds Rs.150,000 but does not exceed Rs.175,000	3.00%
6.	Where the taxable income exceeds Rs.175,000 but does not exceed Rs.200,000	4.00%
7.	Where the taxable income exceeds Rs.200,000 but does not exceed Rs.300,000	5.00%
8.	Where the taxable income exceeds Rs.300,000 but does not exceed Rs.400,000	7.50%
9.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.500,000	10.00%
10.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.600,000	12.50%
11.	Where the taxable income exceeds Rs.600,000 but does not exceed Rs.800,000	15.00%
12.	Where the taxable income exceeds Rs.800,000 but does not exceed Rs.10,00,000	17.50%
13.	Where the taxable income exceeds Rs.10,00,000 but does not exceed Rs.13,00,000	21.00%
14.	Where the taxable income exceeds Rs.13,00,000	25.00%"

LEGISLATIVE HISTORY

Clause (1) Table-Substitution.-Before substitution by Finance Act, 2006, TABLE read as under:
"TABLE

S.No. (1)	Taxable income. (2)	Rate of tax. (3)
1.	Where taxable income does not exceed Rs. 100,000.	0%
2.	Where taxable income exceeds Rs. 100,000 but does not exceed Rs. 150,000	7.5% of the amount exceeding Rs. 100,000
3.	Where taxable income exceeds Rs. 150,000 but does not exceed Rs. 300,000.	3,750 plus 12.5% of the amount exceeding Rs. 150,000
4.	Where taxable income exceeds Rs. 300,000 but does not exceed Rs. 400,000.	22,500 plus 20% of the amount exceeding Rs. 300,000.
5.	Where taxable income exceeds Rs. 400,000 but does not exceed Rs. 700,000.	42,500 plus 25% of the amount exceeding Rs. 400,000.
6.	Where taxable income exceeds Rs. 700,000.	117,500 plus 35% of the amount exceeding Rs. 700,000."

Clause (1) Table-Substitution.-Before substitution by the Finance Act, 2004, TABLE read as under:
"TABLE

S.No. (1)	Taxable income. (2)	Rate of tax. (3)
1.	Where taxable income does not exceed Rs. 80,000.	0%
2.	Where taxable income exceeds Rs. 80,000 but does not exceed Rs. 150,000	7.5% of the amount exceeding Rs. 80,000
3.	Where taxable income exceeds Rs. 150,000 but does not exceed Rs. 300,000.	5,250 plus 12.5% of the amount exceeding Rs. 150,000
4.	Where taxable income exceeds Rs. 300,000 but does not exceed Rs. 400,000.	24,000 plus 20% of the amount exceeding Rs. 300,000.
5.	Where taxable income exceeds Rs. 400,000 but does not exceed Rs. 700,000.	44,000 plus 25% of the amount exceeding Rs. 400,000.
6.	Where taxable income exceeds Rs. 700,000.	119,000 plus 35% of the amount exceeding Rs. 700,000."

Clause (1) Table-Substitution.-Before substitution by the Finance Ordinance, 2002, Table read as under:
"TABLE

S.No. (1)	Taxable income. (2)	Rate of tax. (3)
1.	Where taxable income does not exceed Rs. 60,000.	0%
2.	Where taxable income exceeds Rs. 60,000 but does not exceed Rs. 150,000	7.5% of the amount exceeding Rs. 60,000
3.	Where taxable income exceeds Rs. 150,000 but does not exceed Rs. 300,000.	6,750 plus 12.5% of the amount exceeding Rs. 150,000
4.	Where taxable income exceeds Rs. 300,000 but does not exceed Rs. 400,000.	25,500 plus 20% of the amount exceeding Rs. 300,000.
5.	Where taxable income exceeds Rs. 400,000 but does not exceed Rs. 700,000.	45,500 plus 25% of the amount exceeding Rs. 400,000.
6.	Where taxable income exceeds Rs. 700,000.	120,500 plus 35% of the amount exceeding Rs. 700,000."

Clause (1) Proviso-Omission.— Before omission by the Finance Act, 2011, proviso read as follows:-

"Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs.125,000/- ;[:"

Substituted for the full-stop by the Finance Act, 2009.

Clause (1) Proviso-Substitution.— The substituted proviso read as follows:-

"Provided further that Internally Displaced Persons Tax (IDPT), treated as income tax, on the tax payable on the taxable income of one million rupees or more, shall be levied at the rate of 5% of such tax, for tax year 2009."

Clause (1A) Table-Substitution.— Before substitution by Finance Act, 2015, the Table read as under:-

S.No. (1)	Taxable income (2)	Rate of tax (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	5% of the amount exceeding Rs.400,000
3.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,400,000	Rs.17,500 + 10% of the amount exceeding Rs.750,000

LEGISLATIVE HISTORY

4.	Where the taxable income 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.	Where the taxable income 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.	Where the taxable income 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.	Where the taxable income 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.	Where the taxable income 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.	Where the taxable income 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.	Where the taxable income 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.	Where the taxable income exceeds Rs.7,000,000	Rs.1,425,000 + 30% of the amount exceeding Rs.7,000,000"

Clause (1A) Table-Substitution.— Before substitution by Finance Act, 2013, the Table read as under:-

"TABLE

S.No.	Taxable income in rupees	Rate of tax
(1)	(2)	(3)
1.	Rs. 0 to 400,000	0%
2.	Rs. 400,000 to 750,000	5% of the amount exceeding Rs.400,000
3.	Rs. 750,000 to 1,500,000	Rs.17,500 + 10% of the amount exceeding Rs. 750,000
4.	Rs. 1,500,000 to 2,000,000	Rs.95,000 + 15% of the amount exceeding Rs.1,500,000
5.	Rs. 2,000,000 to 2,500,000	Rs. 175,000 + 17.5% of the amount exceeding Rs. 2,000,000/-
6.	Rs. 2,500,000 and above	Rs.420,000 + 20% of the amount exceeding Rs. 2,500,000/-]

Clause (1A) Table-Substitution.— Before substitution by Finance Act, 2012, the Table read as under:-

"TABLE

S.No.	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where the taxable income does not exceed Rs.350,000,	0%
2.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000,	1.50%
3.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.450,000,	2.50%
4.	Where the taxable income exceeds Rs.450,000 but does not exceed Rs.550,000,	3.50%
5.	Where the taxable income exceeds Rs.550,000 but does not exceed Rs.650,000,	4.50%
6.	Where the taxable income exceeds Rs.650,000 but does not exceed Rs.750,000,	6.00%
7.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.900,000,	7.50%
8.	Where the taxable income exceeds Rs.900,000 but does not exceed Rs.1,050,000,	9.00%
9.	Where the taxable income exceeds Rs.1,050,000 but does not exceed Rs.1,200,000,	10.00%
10.	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.1,450,000,	11.00%
11.	Where the taxable income exceeds Rs.1,450,000 but does not exceed Rs.1,700,000,	12.50%
12.	Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs.1,950,000,	14.00%
13.	Where the taxable income exceeds Rs.1,950,000 but does not exceed Rs.2,250,000,	15.00%
14.	Where the taxable income exceeds Rs.2,250,000 but does not exceed Rs.2,850,000,	16.00%
15.	Where the taxable income exceeds Rs.2,850,000 but does not exceed Rs.3,550,000,	17.50%
16.	Where the taxable income exceeds Rs.3,550,000 but does not exceed Rs.4,550,000,	18.50%
17.	Where the taxable income exceeds Rs.4,550,000.	20.00%"

Clause (1A) Table-Substitution.— Before substitution by Finance Act, 2011 the Table read as under:-

"TABLE

S. No.	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where the taxable income does not exceed Rs.300,000,	0%
2.	Where the taxable income exceeds Rs.300,000 but does not exceed Rs.350,000,	0.75%
3.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000,	1.50%
4.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.450,000,	2.50%
5.	Where the taxable income exceeds Rs.450,000 but does not exceed Rs.550,000,	3.50%
6.	Where the taxable income exceeds Rs.550,000 but does not exceed Rs.650,000,	4.50%
7.	Where the taxable income exceeds Rs.650,000 but does not exceed Rs.750,000,	6.00%
8.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.900,000,	7.50%
9.	Where the taxable income exceeds Rs.900,000 but does not exceed Rs.1,050,000,	9.00%

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10.	Where the taxable income exceeds Rs.1,050,000 but does not exceed Rs.1,200,000,	10.00%
11.	Where the taxable income exceeds Rs. 1,200,000 but does not exceed Rs.1,450,000,	11.00%
12.	Where the taxable income exceeds Rs. 1,450,000 but does not exceed Rs.1,700,000,	12.50%
13.	Where the taxable income exceeds Rs. 1,700,000 but does not exceed Rs.1,950,000,	14.00%
14.	Where the taxable income exceeds Rs. 1,950,000 but does not exceed Rs.2,250,000,	15.00%
15.	Where the taxable income exceeds Rs. 2,250,000 but does not exceed Rs.2,850,000,	16.00%
16.	Where the taxable income exceeds Rs. 2,850,000 but does not exceed Rs.3,550,000,	17.50%
17.	Where the taxable income exceeds Rs. 3,550,000 but does not exceed Rs.4,550,000,	18.50%
18.	Where the taxable income exceeds Rs. 4,550,000	20.00%”

Clause (1A) Table-Substitution.— Before substitution by the Finance Act, 2010, Table read as under:-

“TABLE

S.No.	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where the taxable income does not exceed Rs.200,000,	0%
2.	Where the taxable income exceeds Rs.200,000 but does not exceed Rs.250,000,	0.50%
3.	Where the taxable income exceeds Rs.250,000 but does not exceed Rs.350,000,	0.75%
4.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000,	1.50%
5.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.450,000,	2.50%
6.	Where the taxable income exceeds Rs.450,000 but does not exceed Rs.550,000,	3.50%
7.	Where the taxable income exceeds Rs.550,000 but does not exceed Rs.650,000,	4.50%
8.	Where the taxable income exceeds Rs.650,000 but does not exceed Rs.750,000,	6.00%
9.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.900,000,	7.50%
10.	Where the taxable income exceeds Rs.900,000 but does not exceed Rs.1,050,000,	9.00%
11.	Where the taxable income exceeds Rs. 1,050,000 but does not exceed Rs.1,200,000,	10.00%
12.	Where the taxable income exceeds Rs. 1,200,000 but does not exceed Rs.1,450,000,	11.00%
13.	Where the taxable income exceeds Rs. 1,450,000 but does not exceed Rs.1,700,000,	12.50%
14.	Where the taxable income exceeds Rs. 1,700,000 but does not exceed Rs.1,950,000,	14.00%
15.	Where the taxable income exceeds Rs. 1,950,000 but does not exceed Rs.2,250,000,	15.00%
16.	Where the taxable income exceeds Rs. 2,250,000 but does not exceed Rs.2,850,000,	16.00%
17.	Where the taxable income exceeds Rs. 2,850,000 but does not exceed Rs.3,550,000,	17.50%
18.	Where the taxable income exceeds Rs. 3,550,000 but does not exceed Rs.4,550,000,	18.50%
19.	Where the taxable income exceeds Rs. 4,550,000 but does not exceed Rs.8,650,000,	19.00%
20.	Where the taxable income exceeds Rs.8,650,000.	20.00%”

Clause (1A) TABLE-Substitution.- Before substitution by the Finance Act, 2009, Table read as under:

“TABLE

S. No.	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs.180,000	0%
2.	Where the taxable income exceeds Rs.180,000 but does not exceed Rs.250,000	0.50%
3.	Where the taxable income exceeds Rs.250,000 but does not exceed Rs.350,000	0.75%
4.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000	1.50%
5.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.450,000	2.50%
6.	Where the taxable income exceeds Rs.450,000 but does not exceed Rs.550,000	3.50%
7.	Where the taxable income exceeds Rs.550,000 but does not exceed Rs.650,000	4.50%
8.	Where the taxable income exceeds Rs.650,000 but does not exceed Rs.750,000	6.00%
9.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.900,000	7.50%
10.	Where the taxable income exceeds Rs.900,000 but does not exceed Rs.1,050,000	9.00%
11.	Where the taxable income exceeds Rs.1,050,000 but does not exceed Rs.1,200,000	10.00%
12.	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.1,450,000	11.00%
13.	Where the taxable income exceeds Rs.1,450,000 but does not exceed Rs.1,700,000	12.50%
14.	Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs.1,950,000	14.00%
15.	Where the taxable income exceeds Rs.1,950,000 but does not exceed Rs.2,250,000	15.00%
16.	Where the taxable income exceeds Rs.2,250,000 but does not exceed Rs.2,850,000	16.00%
17.	Where the taxable income exceeds Rs.2,850,000 but does not exceed Rs.3,550,000	17.50%
18.	Where the taxable income exceeds Rs.3,550,000 but does not exceed Rs.4,550,000	18.50%
19.	Where the taxable income exceeds Rs.4,550,000 but does not exceed Rs.8,650,000	19.00%
20.	Where the taxable income exceeds Rs.8,650,000.	20.00%

LEGISLATIVE HISTORY

Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs. 240,000.

Provided further that where the total income of a taxpayer marginally exceeds the maximum limit of a slab in the taxable, the income tax payable shall be the tax payable on the maximum of that slab plus an amount equal to—

- (i) 20% of the amount by which that total income exceeds the said limit where the total income does not exceed Rs. 500,000.
- (ii) 30% of the amount by which the total income exceeds in each slab but total income does not exceed Rs. 1,050,000.
- (iii) 40% of the amount by which the total income exceeds in each slab but total income does not exceed Rs. 2,000,000.
- (iv) 50% of the amount by which the total income exceeds in each slab but total income does not exceed Rs. 4,450,000.
- (v) 60% of the amount by which the total income exceeds in each slab but the total income exceeds Rs. 4,450,000."

Clause (1A) TABLE-Substitution.- Before substitution by the Finance Act, 2008, Table read as follows:

"TABLE"		
S. No.	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs.150,000	0%
2.	Where the taxable income exceeds Rs.150,000 but does not exceed Rs.200,000	0.25%
3.	Where the taxable income exceeds Rs.200,000 but does not exceed Rs.250,000	0.50%
4.	Where the taxable income exceeds Rs.250,000 but does not exceed Rs.300,000	0.75%
5.	Where the taxable income exceeds Rs.300,000 but does not exceed Rs.350,000	1.50%
6.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000	2.50%
7.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.500,000	3.50%
8.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.600,000	4.50%
9.	Where the taxable income exceeds Rs.600,000 but does not exceed Rs.700,000	6.00%
10.	Where the taxable income exceeds Rs.700,000 but does not exceed Rs.850,000	7.50%
11.	Where the taxable income exceeds Rs.850,000 but does not exceed Rs.950,000	9.00%
12.	Where the taxable income exceeds Rs.950,000 but does not exceed Rs.1,050,000	10.00%
13.	Where the taxable income exceeds Rs.1,050,000 but does not exceed Rs.1,200,000	11.00%"
14.	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.1,500,000	12.50%
15.	Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.1,700,000	14.00%
16.	Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs.2,000,000	15.00%
17.	Where the taxable income exceeds Rs.2,000,000 but does not exceed Rs.3,150,000	16.00%
18.	Where the taxable income exceeds Rs.3,150,000 but does not exceed Rs.3,700,000	17.50%
19.	Where the taxable income exceeds Rs.3,700,000 but does not exceed Rs.4,450,000	18.50%
20.	Where the taxable income exceeds Rs.4,450,000 but does not exceed Rs.8,400,000	19.00%
21.	Where the taxable income exceeds Rs.8,400,000.	20.00%

Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs.200,000/-."

Clause (1A) Table-Substitution.-Before substitution by the Finance Act, 2006, Table read as under:

"Table"		
S. No.	Taxable income	Rate of tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs. 100,000	NIL
2.	Where taxable income exceeds Rs. 100,000 but does not exceed Rs. 200,000	3.5% of the amount exceeding Rs. 100,000
3.	Where taxable income exceeds Rs. 200,000 but does not exceed Rs. 400,000	Rs. 3,500 plus 12% of the amount exceeding Rs. 200,000
4.	Where taxable income exceeds Rs. 400,000 but does not exceed Rs. 700,000	27,500 plus 25% of the amount exceeding Rs. 400,000
5.	Where taxable income exceeds Rs. 700,000	Rs. 102,500 plus 30% of the amount exceeding Rs. 700,000."

Clause (1A) Proviso-Omission.—Before omission by the Finance Act, 2010, proviso read as under:-

"Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs.260,000."

Clause (1A) Proviso-Omission.—Before omission by the Finance Act, 2013, proviso read as under:-

"Provided further that where the total income of a taxpayer marginally exceeds the maximum limit of a slab in the table, the income tax payable shall be the tax payable on the maximum of that slab plus an amount equal to—

LEGISLATIVE HISTORY

- (i) 20% of the amount by which the total income exceeds the said limit where the total income does not exceed Rs.550,000.
- (ii) 30% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.1,050,000.
- (iii) 40% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.2,250,000.
- (iv) 50% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.4,550,000.
- (v) 60% of the amount by which the total income exceeds in each slab but the total income exceeds Rs.4,550,000."

Clause (1B)(ii)-Substitution.—Before substitution by the Finance Act, 2015, clause (ii) read as under:-

"(ii) a taxpayer of the age of not less than sixty years on the first day of that tax year, the tax liability on such income shall be reduced by 50%."

Paragraph (2)-Omission.—Before omission by the Finance Act, 2014, paragraph (2) read as under:

"(2) The rate of tax payable on bonus as IDPT as income tax shall be 30% for the tax year 2010."

Clause (2)-Omission.—Before omission by the Finance Act, 2006, clause (2) read as under:

"2. Where, for a tax year, an individual or association of persons to which subsection (1) of section 92 applies derives income from agriculture to which section 41 applies and the gross amount of such income for the year exceeds Rs. 80,000, the rates of tax imposed on the taxable income of the individual or association of persons for the year shall be as set out in the following table, namely:—

TABLE

S.No. (1)	Taxable income (2)	Rate of tax (3)
1.	Where taxable income does not exceed Rs. 150,000	7.5%
2.	Where taxable income exceeds Rs.150,000 but does not exceed Rs.300,000	Rs. 11,250 plus 12.5% of the amount exceeding 150,000
3.	Where taxable income exceeds Rs.300,000 but does not exceed Rs.400,000	Rs. 30,000 plus 20% of the amount exceeding 300,000
4.	Where taxable income exceeds Rs.400,000 but does not exceed Rs.700,000	Rs. 50,000 plus 25% of the amount exceeding 400,000
5.	Where taxable income exceeds Rs.700,000	Rs. 125,000 plus 35% of the amount exceeding 700,000

Clause (3)-Omission.—Before omission by the Finance Ordinance, 2002, clause (3) read as under:

"3. The rates of tax applicable to a legal representative of a deceased individual liable for tax under clause (b) of subsection (1) of section 87 shall be—

- (a) in the tax year in which the deceased died and the following tax year, the rates applicable under clause 1; or
- (b) in any subsequent year, 35%."

READY REFERENCE

SALARY RATE STRUCTURE.

Following is an extract from FBR's Circular No. 02 of 2012, dated July 27, 2012:-

Tax in the case of a salaried taxpayer shall be computed in accordance with sections 12, 13 and 14 of Income Tax Ordinance 2001, read with rules 3, 4, and 5 of Income Tax Rules 2002. A salaried taxpayer means where salary constitutes more than 50% of the total income. All perquisites, allowances or benefits, [excepting those covered under Part-I of the Second Schedule to the Ordinance], are to be included in the salary and rate of tax prescribed in Part-I of the First Schedule shall be applied for the tax year 2013. For withholding purposes, these shall apply to salary paid on or after 1st day of July, 2012. The taxation of salaried taxpayer is explained as under:

(a) **INCREASE IN BASIC THRESHOLD.**

The basic exemption for tax year 2012 is rupees 3,50,000/-. This has been enhanced to Rs. 400,000/- for the tax year 2013.

(b) **REVISION IN TAX SLABS.**

The tax slabs have also been revised through Finance Act, 2012. The existing tax rate slabs have been reduced from 17 to 6. These slabs shall be applicable for tax year 2013. For

READY REFERENCE

withholding purposes, these shall apply to salary paid on or after 1st day of July, 2012. The revised slabs are as under:-

S.No.	Taxable Income	Rate of tax
1	0 to 400,000/-	0%
2	400,000 to 750,000	5% of the amount exceeding Rs.400,000/-
3	750,000 to 1,500,000	Rs.17,500+10% of the amount exceeding Rs.750,000/-
4	1,500,000 to 2,000,000	Rs.95,000+15% of the amount exceeding Rs.1,500,000/-
5	2,000,000 to 2,500,000	Rs.175,000+17.5% of the amount exceeding Rs.2,000,000/-
6	2,500,000 and above	Rs.420,000+20% of the amount exceeding Rs.2,500,000/

(c) COMPUTATION.

Computation of tax on salary shall be as per above table. Instead of applying tax rate on gross amount of salary, computation of tax is to be made through progressive tax rates. However, maximum relief has been provided to low salary income and the relief gradually decreases with the increase in salary. For taxpayers in highest tax rate slab only basic exemption of Rs. 400,000 is provided and the benefit of lower rates of the intermediate slabs has not been passed on to taxpayers in this slab. This is apparent from the fact that for this slab, the rate is 20% plus Rs. 420,000 (instead of Rs. 255,000 which would have been the case if benefit of lower rate of previous slabs was provided to taxpayers in this slab). Similarly, relief in other slabs also decreases with increase in salary. In slab (5), tax rate is 17.5% plus 175,000 (instead of 167,500) and in slab (4), the rate is 15% plus 95,000 (instead of 92,500). However, for first three slabs, benefit of the previous slab rate has been passed on.

INCOME TAX RATES FOR INDIVIDUALS AND ASSOCIATION OF PERSONS (other than salaried individuals)

Following is an extract from FBR's Circular No. 06 of 2013, dated July 19, 2013:-

Income tax rates for individuals (other than salaried individuals) and association of persons have been revised through addition of two new slabs. The revised rates are as per the 'TABLE' below:

TABLE

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

READY REFERENCE

7.	Where the taxable income exceeds Rs.6,000,000	Rs.1,322,500 + 35% of the amount exceeding Rs.6,000,000.
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INCOME TAX RATES FOR SALARIED INDIVIDUALS

Following is an extract from FBR's Circular No. 06 of 2013, dated July 19, 2013:-

Income tax rates for salaried individuals have been revised. The revised rates are as per the 'TABLE' below:

TABLE

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	5% of the amount exceeding Rs.400,000
3.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,400,000	Rs.17,500 + 10% of the amount exceeding Rs.750,000
4.	Where the taxable income 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.	Where the taxable income 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.	Where the taxable income 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.	Where the taxable income 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.	Where the taxable income 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.	Where the taxable income 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.	Where the taxable income 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.	Where the taxable income exceeds Rs.7,000,000	Rs.1,425,000 + 30% of the amount exceeding Rs.7,000,000.

RELIEF MEASURES**a. Fifty percent reduction in tax liability for disabled persons**

Following is an extract from FBR's Circular No. 02 of 2014, dated July 17, 2014:-

Fifty percent reduction in tax liability is available for a taxpayer of the age not less than sixty years on the first day of that tax year if the taxable income, other than income on which tax deduction is final, does not exceed one million rupees. A similar reduction has been provided to the disabled persons through the Finance Act, 2014 which provides that persons holding a National Database Registration Authority's Computerized National Identity Card for disabled persons, the tax liability shall be reduced by fifty percent if the taxable income of the disabled person in a tax year other than income on which the deduction of tax is final, does not exceed one million rupees.

¹[Provided further that the rate of tax imposed on the taxable income of a company, other than a banking company shall be 33% for the tax year 2015 ²[/:]]

³[Provided further that the rate of tax imposed on taxable income of a company, other than banking company shall be 32% for the tax year 2016, 31% for tax year 2017 and 30% for tax year 2018 and onwards.]

⁴[]

¹ Proviso inserted by the Finance Act, 2014.

² Substituted for the full-stop by the Finance Act, 2015.

³ Proviso inserted by the Finance Act, 2015.

⁴ Clause (ii) omitted by the Finance Act, 2008. Earlier it was inserted by the Finance Act, 2003.

LEGISLATIVE HISTORY

Division II(ii)-Omission.-Before omission by the Finance Act, 2008, para (ii) read as under:

“(ii) Where the taxpayer is a society or a cooperative society, the tax shall be payable at the rates applicable to ¹[a] company or an individual, whichever is beneficial to the taxpayer.”

¹The words “the public” substituted by the Finance Act, 2007.

READY REFERENCE

TAX RATE FOR COMPANIES REDUCED TO 33%

Following is an extract from FBR’s Circular No. 02 of 2014, dated July 17, 2014:-

Prior to Finance Act, 2013, the rate of tax for companies, other than banking companies, was 35%. However, through the Finance Act, 2013, the Government committed to reduce the same to 30% in 5 years, by reducing 1% every year. In line with the commitment, the rate of tax for Tax Year 2014 was reduced to 34% through Finance Act, 2013 and now, through the Finance Act, 2014, the rate of tax for companies, other than banking companies, has further been reduced to 33% for the Tax Year 2015.