

KEY FEATURES OF
FINANCE ACT
2025

021-34916144



0309-5551161



info@srca.com.pk



www.srca.com.pk

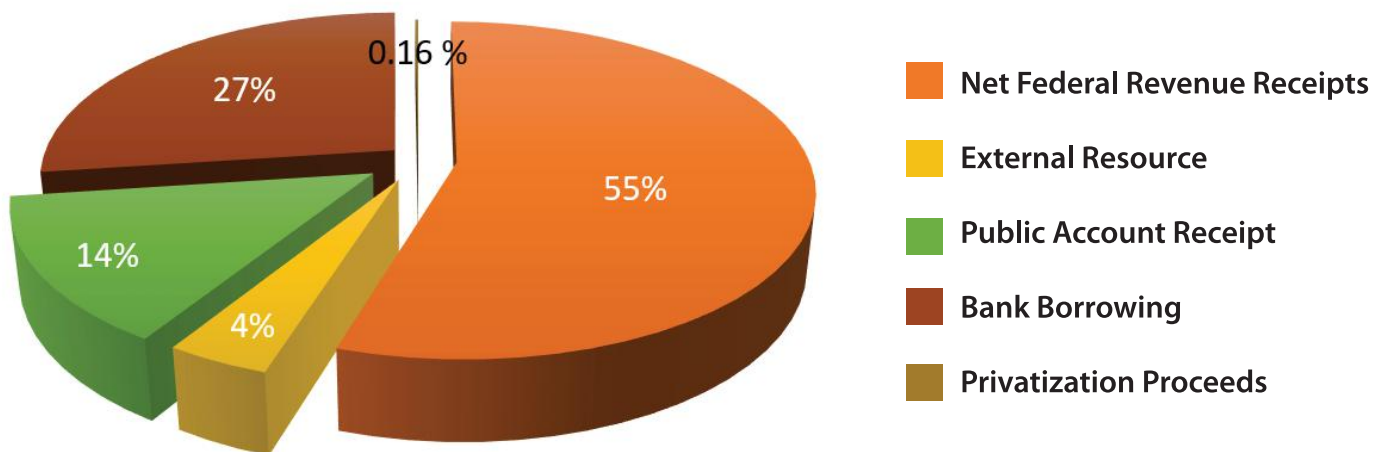


Finance Act 2024

Key Statistics of Finance Act Revenue

	2024-2025	2023-2024
Tax Revenue	12,970	9,200
Non-Tax Revenue	4,845	2,963
Gross Revenue Receipts	17,815	12,163
Less: Provincial Share in Taxes	(7,438)	(5,276)
Net Federal Revenue Receipts	10,377	6,887
Other Receipts	8,500	7,573
Total Budget	18,877	14,460

Breakup of Receipts



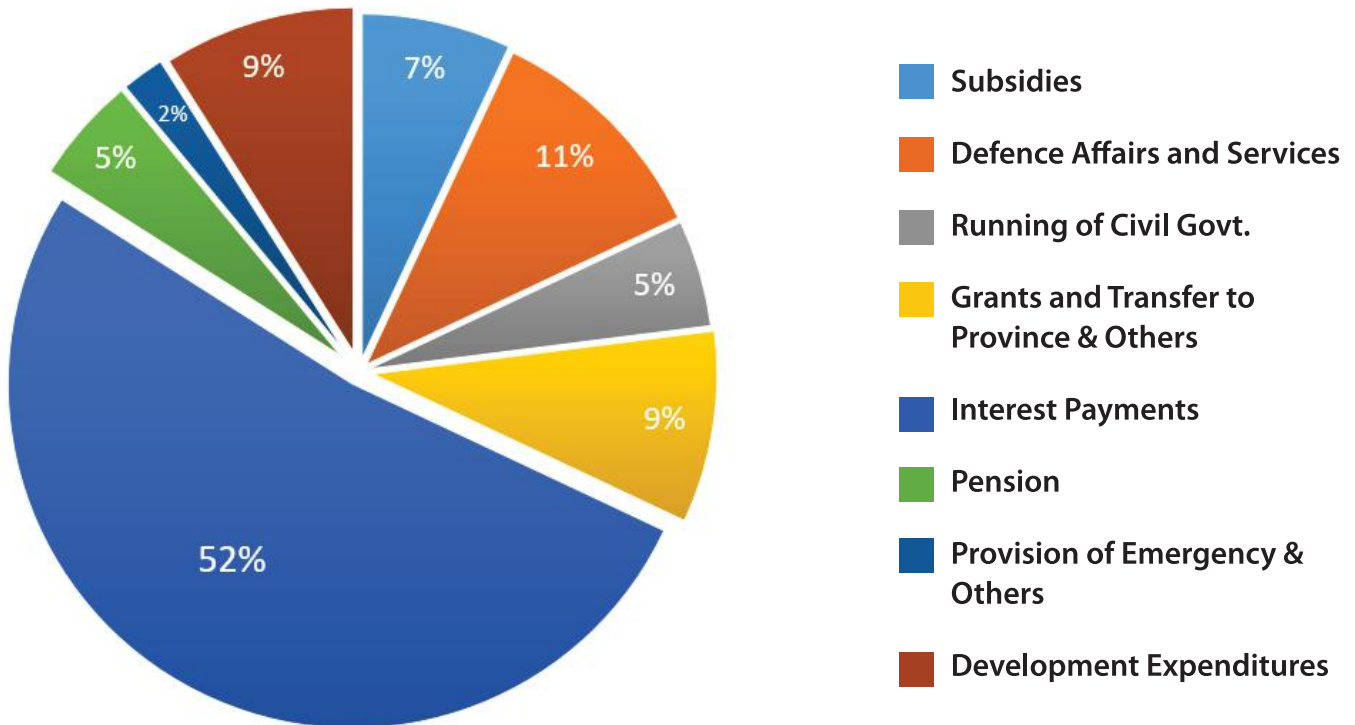
Expenditure

	2024-2025	2023-2024
Current Expenditures	17,203	13,320
Development Expenditures	1,674	1,140
Total Expenditures	18,877	14,460

Disclaimer of Liability

The information provided in this document is for general informational purposes only. All information in the document is provided in good faith, however, we make no representation or warranty of any kind, express or implied, regarding the accuracy, adequacy, validity, reliability, availability, or completeness of any information in the document.

Breakup of Expenditure



Income Tax Highlights

- Maximum tax slab for non-salaried individuals and Association of Persons enhanced to 40%.
- For every individual (including salaried individuals) and Association of Persons (AOP), whose taxable income for the year exceeds Rs 10 million, a surcharge shall be payable at the rate of 10% of the income tax on their taxable income.
- Revised Salary Tax Rate for Salaried class

Income Slab	Applicable Tax
upto 600,000	-
Above 600,000 to 1,200,000	5% above 600,000
Above 1,200,000 to 2,200,000	30,000 + 15% above 1,200,000
Above 2,200,000 to 3,200,000	180,000 + 25% above 2,200,000
from 3,200,000 to 4,100,000	430,000 + 30% above 3,200,000
Above 4,100,000	700,000 + 35% above 4100,000

- 15% flat tax on the gain of the sale of securities introduced for filers and a progressive tax, ranging from 15% to 45%, introduced for non-filers.
- Persons not appearing on the active taxpayer list are subjected to double tax rates.
- Foreign travel restriction has been proposed for persons not appearing on the active taxpayer list except for persons holding a NICOP, minors, or students and those going abroad for Hajj or Umrah.
- Tax rates on builders and developers are defined as follows
 - i) 10% of gross receipt on construction and sale of residential, commercial or other buildings.
 - ii) 15% of gross receipt on development and sale of residential commercial or other plots.
 - iii) 12% of gross receipt on activities related to above-mentioned points.
- A mandatory requirement for disclosing foreign assets in the wealth statement has been proposed.
- The Board is empowered to set the minimum value of goods for advance tax collection
- The Final Tax Regime for exporters has been replaced with the Normal Tax Regime
- The rate of default surcharge has been defined as the higher of 12% per annum or Kibor +3% per annum.
- Progressive tax rates have been introduced for advance tax on the sale and purchase of immovable property

On Sale of Property (Gross consideration received)	Persons appearing in ATL	Persons appearing in ATL who filed returns after the due date	Persons not appearing in ATL
1 Upto Rs. 50 million 3% 6%	3%	6%	10% of the gross amount of consideration received
2 Over Rs. 50 million to Rs. 100 million 3.5% 7%	3.50%	7%	
3 Exceeding Rs. 100 million 4% 8%	4%	8%	

On Purchase of Property (Fair Market Value)	Persons appearing in ATL	Persons appearing in ATL who filed returns after the due date	Persons not appearing in ATL
1 Upto Rs. 50 million 3% 6%	3%	6%	10% of the gross amount of consideration received
2 Over Rs. 50 million to Rs. 100 million 3.5% 7%	3.50%	7%	
3 Exceeding Rs. 100 million 4% 8%	4%	8%	

- The threshold for tax on the registration of vehicles changed from engine capacity to the value of the vehicle
- Super tax leviable for banking companies from the tax year 2023 and onwards
- The tax rate on dividends from mutual funds earning more than 50% of income from profit on debt has been enhanced from 15% to 25%.
- Withholding tax on capital gains from Mutual Funds or REIT Scheme is enhanced as tabulated below:

Category	Existing Rate	Proposed Rate
Individual and AOP	10% for stock funds	15% for stock funds
	10% for other funds	15% for other funds
Company	10% for stock funds	15% for stock funds
	25% for other funds	25% for other funds

- In case of stock fund if dividend receipts of the fund are less than capital gains, the rate of tax deduction to be at 15% as against the existing rate of 12.5%.
- The formation of Tax Fraud Investigation Wing-Inland Revenue is approved and this wing shall comprise Fraud Intelligence and Analysis Unit, Fraud Investigation Unit, Legal Unit, Accountants Unit, Digital Forensic and Scene of Crime Unit, Administrative Unit or any other Unit, as required.

Sales Tax

- The supply/ import of the following goods has been exempted from levy of sales:
 - i) Supply of Electricity to Azad Jammu and Kashmir
 - ii) Import of gold under the entrustment scheme under SRO 760(I)/2013
 - iii) Import of cystagon, cysta drops and trientine capsules (for personal use only)
 - iv) Bovine Semen
- The exemption from imposition of sales tax on the following has been extended till June 30, 2025;
 - (i) Supplies meant for consumption in tribal areas
 - (ii) Import of plant, machinery, equipment for installation in tribal areas.
 - (iii) Import of industrial inputs by the Industries located in tribal areas.
 - (iv) Supplies of electricity to all residential and commercial consumers in tribal areas.
 - (v) Supplies of electricity to such industries (excluding steel and ghee or cooking oil industries) in the tribal areas which were set up and started their industrial production before March 31, 2018.
- The locally manufactured Hybrid Electric Vehicles shall remain subject to the following reduced rates of sales tax till June 30, 2026:

Description	Reduced Rate of Sales Tax
Locally manufactured Hybrid electric vehicles:	
(a) Upto 1800 cc	8.50%
(b) From 1801 cc to 2500 cc	12.75%

- The newly merged districts of FATA and PATA are not exempted from taxes after 01 July 2024.
- Certain sales tax exemptions and zero-rating facilities proposed to be withdrawn.
- Tier-1 Retailer of leather and textile products will now charge 18% GST.
- Mobile phones to be taxed at the standard rate (other than mobile phones exceeding in value US\$ 500 which will remain chargeable to the existing rate of 25%).
- The Board empowered to fix minimum prices of goods under the Third Schedule.

- The definition of tax fraud strengthened and streamlined and has now been defined to mean intentionally understating or underpaying the tax liability or overstating the entitlement to tax credit or tax refund in contravention of duties or obligations imposed under the sales tax act (STA) by way of submission of false return, statements or false documents or withholding of correct information or documents to cause loss of tax. Further, in addition to various other actions constituting 'tax fraud' that were included in revamped definition, the following have also been included thereof:

(i) making of taxable supplies without getting registration under the STA; or

(ii) intentional doing of any act or causing to do an act or omitting to take any action or causing the omission to take any action to cause loss of tax under the STA.

Federal Excise Duty

- The rate of FED on Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cement, whether or not colored or in the form of clinkers was proposed to be increased from Rs 2 per kg to Rs 4 per kg.
- FED has been levied at the rate of 5% ad valorem on lubricating oil
- FED has been increased on services provided or rendered in respect of travel by air of passengers embarking on international journeys from Pakistan as under

Categories	Tickets issued before July 1, 2024	Tickets issued on or after July 1, 2024
Economy and economy plus air tickets	Rs. 5,000	Rs. 12,500
Club, business and first class air tickets		
(a) IATA Traffic Conference Area 1 (North, Central, South America and Environs)	Rs. 250,000	Rs. 350,000
(b) IATA Traffic Conference Area 2		
(I) Middle East and Africa	Rs. 75,000	Rs. 105,000
(II) Europe	Rs. 150,000	Rs. 210,000
(c) IATA Traffic Conference Area 3 (Far East, Australia, New Zealand and Pacific Islands)	Rs. 150,000	Rs. 210,000

- FED on allotment/transfer of immovable property have been introduced for filer, late filer and non-filer on different rates

Item	Rate of Tax
Allotment or transfer of commercial property and first allotment or first transfer of open plots or residential property by any developer or builder in such mode and manner and subject to such conditions and restrictions as may be prescribed by the Boar	(i) 3% of gross amount of consideration involved where the buyer is appearing on active taxpayer list maintained under section 181A of the Income Tax Ordinance, 2001 on the date of acquisition of property; (ii) 5% of gross amount of consideration involve where the buyer has not filed the income tax return by due date as specified in provision to Rule 1A of Tenth Schedule to the Income Tax Ordinance, 2001; and (iii) 7% of gross amount of consideration involved where the buyer is not appearing on active taxpayer list maintained under section 181A of the Income Tax Ordinance, 2001 on the date of acquisition of property

- FED at Rs 15 per kg has been levied on supply of white crystalline sugar by any person to a manufacturing, processing and packaging entity.
- FED @ 44,000 per KG has been imposed on Acetate tow
- FED @ 1,200 per KG has been imposed on Nicotine pouches

Custom Duty

Customs duty on the import of the following to be exempted subject to certain conditions:

- Machinery and equipment including raw materials (parts) for the manufacture of PV modules/solar inverters/lithium-ion batteries subject to certain conditions and quota determination/approvals.
- Drug named "Bovine Lipid Extract Surfactant" by Pharma sector.
- Livestock for research purposes.
- Machinery and equipment for fish or shrimp farming and seafood processing.
- Certain machinery and equipment for fish or shrimp farming and seafood processing.
- Live (baby/brood stocks) fish and shrimp/prawns for breeding and production in commercial farms and hatcheries.

Other Taxes

- The CVT (introduced through the FA, 2022) imposed on farmhouses and residential houses, shall be subject to capital value tax within the territorial limits of Islamabad Capital Territory based on the area of the farmhouse irrespective of the value.
- The capital value tax on Farmhouses within the territorial limits in Islamabad Capital Territory from Rs. 500,000/- where the area falls between 2,000sq. yards to 4,000 sq. yards, Rs 1,000,000 where area exceeds 4,000 sq. yards.
- In the case of Residential Houses within Islamabad Capital Territory from Rs 1,000,000/- where the area falls between 1,000 sq. yards to 2,000 sq. yards. Rs 1,500,000/- where area exceeds 2,000 sq. yards.
- The levy on petroleum products is defined in the approved bill as tabular below;

S. No	Petroleum products	Unit	Maximum petroleum levy rate (in rupees per unit)
1.	High speed diesel oil (HSDO)	Litre	70
2.	Motor gasoline	Litre	70
3.	Superior kerosene oil (SKO)	Litre	50
4.	Light Diesel Oil (LDO)	Litre	50
5.	High octane blending component (HOBC)	Litre	70
6.	E-10 gasoline	Litre	50
7.	Liquefied petroleum gas (produced or extracted in Pakistan)	Metric ton	30,000



— Salman & Raheel Chartered Accountants —



021-34916144



0309-5551161



info@srca.com.pk



www.srca.com.pk

