

Budget Proposals: Changes proposed in taxation of Real Estate/Property Tax, Year 2024-2025.

1. Capital Gain Tax on real estate.

Currently capital gain tax on immovable property is on both filer and non-filer based on holding period (1 to 6 years) of plot/flat/constructed property. After 6 years of holding there was no tax.

New proposal:

Irrespective of holding period capital gain tax will be applicable @ 15% on filers and up to 45% on non-filers. **This rate will be applicable on properties acquired on or after 1st day of July 2024. Properties acquired on or before 30th day of June 2024 will fall in previous structure of tax rates according holding period.**

2. Progressive Withholding Tax on transfer of Immovable property.

Currently purchase on immovable property tax @ 3% on filer and @ 6% on non-filer is applicable.

New proposal:

People in Pakistan don't file their tax returns on time, mostly people file their return when they need to do any transaction (Purchase/Sale of property) to avoid higher taxation rate.

So, it is proposed that 3 different tax rates and categories will be there for filers, non-filers and delayed return filers.

Purchase of Immovable Property (236K)

Taxpayer	Property value up to Rs 50 million	Property value from Rs 50 million to Rs 100 Million	Property value above Rs. 100 million
Filers	3%	3.5%	4%
Late/Delayed Filers	6%	7%	8%
Non-Filers	12%	16%	20%

Sale of Immovable Property (236C)

Taxpayer	Property value up to Rs 50 million	Property value from Rs 50 million to Rs 100 Million	Property value above Rs. 100 million
Filers	3%	4%	5%
Late/Delayed Filers	6%	7%	8%
Non-Filers	10%	10%	10%

3. FED on immovable property.

New proposal:

To stabilize real estate sector and to avoid speculation FED @ 5% is proposed on new plots, residential and commercial property. **(According to Budget Speech).**

FED on commercial properties and 1st sale of residential properties @ 5%. **(According to Budget Commentary).**

