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TAX HIGHLIGHTS

FEDERAL BUDGET 2024-25



INCOME TAX ORDINANCE, 2001

- 15% flat tax rate on capital gains from disposal of property and listed shares irrespective of the holding period, for filer.
- Slab rate of tax on capital gains from disposal of property and listed shares irrespective of the holding period with minimum rate of 15% and maximum rate of 45%, for non-filer.
- Advance Tax on purchase of property will be collected based on the value of property with the maximum rate of 4% for filer 8% for late filer and 20% for non-filer on value of Rs 100 million.
- Advance Tax on sale of property will be collected based on the value of property with the maximum rate of 4% for filer, 8% for late filer and 10% for non-filer on value of Rs 100 million.
- Final Tax Regime (FTR) for the exporters has been withdrawn.
- Maximum Tax Burden on Business Individuals & AOP have been enhanced from 35% to 45%.
- Incremental Tax burden at the rate of 2.5% on every slab has been increased on Salaried individuals.
- Advance Tax under Section 236G & 236H has been made applicable to all distributor, wholesaler, dealer and retailer irrespective of their business sector.
- Non-Filers (other than NICOP, minors, students) have been barred from travelling abroad.
- The tax on dividend by Money Market Mutual Fund has been enhanced from 15% to 25%.
- The advance tax on profit on debt from non-Filer has been enhanced from 30% to 35%.
- Facility of availing exemption certificate by manufacturer of goods, exempt entities and by NPO is withdrawn.
- Fixed Tax on registration of motor vehicles have been replaced with slab-based tax on value of motor vehicles with the maximum rate of 12% on motor vehicle of 3000cc.
- AOP with turnover of Rs 300 million is required to get their Accounts audited in order to retain exemption to its partner on the share from AOP.

- The rate of default surcharge has been aligned with the current KIBOR plus 3%.
- 25% of total advertisement expense would be disallowed if such associate is claiming royalty expenses payable to non-resident associate.
- Exemption on federal government subsidy has been withdrawn.
- Commissioner has been empowered to reject the lower estimate of advance tax filed by taxpayer.
- Resident Individuals are required to file details of Foreign Assets in their Wealth Statement.
- The due date for transferring cases exceeding the limit of Rs 20 million from Commissioner Appeals to Appellate Tribunal has been extended from 16th June 2024 to 16th September 2024.
- The exemption given to FATA / PATA has been extended till June 30, 2025.

SALES TAX ACT, 1990

- The scope of tax fraud is enhanced whereby minor mistakes will be treated as tax fraud.
- The provisions concerning assessment and audit revamped vesting more discretionary powers in revenue officers.
- Sales tax on advance payment against taxable supplies to be reinstated.
- The board vested with authority to establish the minimum price for items listed in the Third Schedule.
- The default surcharge rate will be calculated as KIBOR plus 3% replacing the previous fixed rate of 12%.
- The deadline for transferring cases pending before the Commissioner (Appeals) will be September 16, 2024, surpassing the ten million rupee limit.



- Withdrawal of sales tax exemptions on the following imports & supplies:
 - ✓ Edible vegetables & fruits imported from Afghanistan
 - ✓ Medical Treatment & Diagnostics kits / equipment
 - ✓ Supplies to hospital run by the charitable hospitals
 - ✓ Imports of Goods by non-profit making institutions
- Exemption from sales tax has been introduced for:
 - ✓ Import of goods in case of natural disaster or other catastrophe event
 - ✓ Milk excluding that sold under a brand name
 - ✓ Iron & Steel Scarp
- The zero-rating of petroleum products is transforming to a sales tax exemption.
- Enhancement of sales tax @ 18% on LPG and locally manufactured Hybrid Electric Vehicles.
- Withdrawal of reduced rate i.e. 15% sales tax on supplies made by Tier 1 Retailer having integrated Point of Sale (POS).
- 18% sales tax on medicaments are classified under Chapter 30 of the Customs Act has been reintroduced.
- 10% Reduced Rate of Sales Tax has been imposed by withdrawing Sales Tax Exemption on the following:
 - ✓ Stationery items
 - ✓ Oil cake & other solid residues
 - ✓ Tractor
 - ✓ Vermicillies, Sheer Mal, Bun & Rusk
 - ✓ Poultry Feed, Cattel Feed, Sunflower seed meal, rape seed meal, canola seed meal
 - ✓ Newsprint/ Books
- Reduced rates of 6% and 12% have been implemented until June 30, 2025, and June 30, 2026, respectively introduced for tribal areas replacing existing exemption.
- Mobile phones taxable now at standard rate of 18% and 25%.



- 80% of the Sales Tax Withholding has been imposed on purchases of the following goods made by registered persons:
 - ✓ Lead batteries
 - ✓ Gypsum
 - ✓ Coal
 - ✓ Waste paper & Paper Board
 - ✓ Plastic Waste
 - ✓ Crush stone & Silica

FEDERAL EXCISE ACT, 2005

- Penal provision for sealing of retail outlet where cigarettes packs are sold by the retailer without affixing tax stamps, stickers, labels or barcodes has been introduced.
- Federal Excise Duty of Rs.44,000 per KG has been imposed on Acetate tow (Fiber used primarily in cigarette filters)
- Federal Excise Duty of Rs.1,200 per KG has been imposed on Nicotine pouches.
- Threshold of Retail price for imposing of Federal Excise Duty on Locally produced cigarette has been increased from 9000 per thousand cigarettes to 12500 per thousand
- Federal Excise Duty on Cements has been increased to Rs.3 per KG from Rs.2 per KG.
- Federal Excise Duty on Filter rod for cigarettes has been increased to Rs.80,000 per KG from Rs.1,500 per KG.
- 5% Federal Excise Duty has been imposed on allotment or transfer of residential / commercial property
- Federal Excise Duty of Rs.15/- per KG has been imposed on sugar supplied to a manufacturer.



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