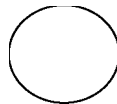


Collection And Deduction Of Tax at Source (Taxpayers' Facilitation Guide)

**Prepared by:
FATE Wing**

September, 2009

Revenue Division
Federal Board of Revenue
Government of Pakistan



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Our Vision

To be a modern, progressive, effective, autonomous and credible organization for optimizing revenue by providing quality service and promoting compliance with tax and related laws

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Enhance the capability of the tax system to collect due taxes through application of modern techniques, providing taxpayer assistance and by creating a motivated, satisfied, dedicated and professional workforce

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Professionalism
Teamwork
Courtesy
Fairness
Transparency
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**Revenue Division Federal
Board of Revenue
Government of Pakistan
September, 2009**

INTRODUCTION

This brochure explains the provisions of the Income Tax Ordinance, 2001 governing withholding tax in a simple and concise manner. It mainly revolves around the obligations of the withholding agents as to collection or deduction of tax at source, i.e. –

- Identifying the withholding agents;
- Persons from whom tax is to be deducted or collected;
- Applicable rates of withholding taxes;
- Basis of withholding tax;
- Time of deduction;
- Time of deposit of tax deducted or collected in the account of Federal Government;
- Frequency and time of submitting the statements of tax deducted or collected;
- Applicable exemptions and reduced rates; and
- Liabilities of the withholding agents and consequences of non-compliance.

A cross-index of different tax withholding agents and the corresponding applicable provisions of law is also given for quick and easy reference.

This brochure has been arranged section wise. Contents of this brochure are also available at our website www.fbr.gov.pk

DISCLAIMER:

This brochure is to assist the taxpayers and reflects the legal position at the time of printing. In case of any conflict, the legal provisions of the law shall prevail over the contents of this brochure.

Contents	
Introduction	1
Disclaimer	1
Summary of withholding taxes	2
Section 7- Shipping and Transport Business	2
Section 148 – Imports	2
Section 149 – Salary	3
Section 150 – Dividend	3
Section 151 (1) (a) -Profit on debt	4
Section 152 - Payment to Non Residents	6
Section 153 -Payment for goods and services	9
Section 153 (1A) – Export / Export House	10
Section 153A – Payment to Non Resident Media Person	11
Section 154 – Export	11
Section 155 - Income from Property	13
Section 156 – Prize and winning	14
Section 156A – Petroleum Products	14
Section 156B – Withdrawal of Pension under Pension Fund	15
Section 231A – Cash withdrawal from a Bank	15
Section 231B – Purchase of Motor Car	16
Section 233 – Brokerage & Commission	16
Section 233A – Collection of Tax by Stock Exchange	17
Section 234 – Tax on Motor Vehicles	18
Section 234A – CNG Station	18
Section 235 – Electricity Consumption	19
Section 236 – Telephone Users	19
Section 236 A-Sale by Auction	19
Withholding agent’s liability to Issue certificate of deduction and Collection of tax.	20
Withholding agent’s liability to Submit Monthly and annual Statements of tax collected or deducted	20
Cross Index withholding agent wise	22
Comments and suggestions	
We welcome your comments about this brochure and your suggestions for future editions.	
You can e-mail us at memberfate@fbr.gov.pk or	
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Summary of withholding tax regime under the Income Tax Ordinance, 2001
Amended upto 31st July, 2009.

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or	Statements to be filed (Rule 44)
7	Shipping Agents	Non-resident	Shipping business of non-resident	8 % of the gross amount received or receivable	Final	On the day deducted	Received before departure of the ship
			Air Transport Business of non-resident	3%	Final		
148	Collector of Customs	Importer of goods	Imports (General)	4 % of the import Value. As increased by custom duty, Federal Excise and sales tax, if any	Final, Except in the case of import of: 1-an industrial under-taking importing goods as raw material or plant and machinery for own use 2- fertilizer by the manufacturer of fertilizer 3- motor vehicles in CBU condition by the manufacturer of motor vehicles Minimum Tax: In case of import of edible oil packing material.	The same day as collection is made by federal government.	<p>Monthly – within 20 days of end of each month.</p> <p>Annual – within two months of end of financial year. Extension can be sought from commissioner u/s 165(4)</p> <p>For companies, electronic filing is mandatory [read with rule 73(2A)]</p>
Import of Raw Material by Industrial undertaking for its own use. [C1. (9A), Part II, Second Schedule]	3%						
Import of all fiber, yarns and fabrics and goods covered by the Zero Rating regime of Sale Tax – [C1. (9), Part II, Second Schedule]	1%						
Import of potassic fertilizers [C1. (13E). Part – II of Second Schedule.	1%						
Items mentioned in Cl. (13G), Part II of Second Schedule	1%						
			Import of Urea Fertilizer [Cl. (23), Part – II of Second Schedule	1%			

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or	Statements to be filed (Rule 44)
149 Salary	Employer	Employee	Salary (including value of perquisites allowance and benefits computed as per law/Rules. The employer can make adjustments on account of tax credits u/s 61,62,63 and 64	Average	Adjustable	Federal or provincial government the same day other – Within seven days from the end of each fortnight.	Monthly – within 20 days of end of each month. Annual – within two months of end of each of financial year. Extension can be sought from Commissioner u/s
150 Dividend	Every Person	shareholders	Dividend Income The following concessions are to be noted. On dividend declared/distributed by purchaser of power project privatized by Wapda – Cl. (17), Part II, 2 nd Sch. On dividend declared/distributed by a company set up for power generation. Cl. (20), Part II, Second Schedule.	10 % of gross payment 7.5% 7.5%	Final (Except in the case of Companies) Final (Except in the case of Companies) Final (Except in the case of Companies)	Within seven days from the end of each fortnight.	Monthly – within 20 days of end of each month. Annual – within two months of end of financial year. Extension can be sought from commissioner u/s 165 (4). E-filing is mandatory for companies.

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected (Rule 43)	Statements to be filed (Rule 44)
151 Profit on debt 151 (1)(a)	Any person making payment	Recipient of yield or profit (Profit on debt)	<p>Yield on accounts, deposits or certificates under the National Savings Scheme or Post Office Savings Account</p> <p>No Withholding Tax on investment up to 150,000/- in Certificates and Rs. 1000 monthly installment in Monthly Savings Account Scheme [Cl. (59) IV), Part IV, 2nd Schedule.]</p> <p>No deduction in respect of Bahbood Savings Certificates or pensioner's Benefit Account irrespective of quantum [Cl. (36A), part IV, 2nd Sch.]</p>	10 % of the yield	<p>Final (except for companies)</p> <p>Income is subjected to tax not exceeding 10 % [Cl. (6), Part III, 2nd Sch.]</p>	The same day as payment is made by government	<p>Monthly – within 20 days of end of each month.</p> <p>Annual – within two months of end of financial year.</p> <p>Extension can be sought from Commissioner u/s 165(4) E-filing is mandatory for companies.</p>

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected (Rule 43)	Statements to be filed (Rule 44)
151 (1)(b)	Banking company or financial institution	Recipient of profit on debt on an account or deposit.	Profit on debt on an account or deposit. [See exemption in clauses (16), (19), (38), (49) and (59) (iii), Part IV, 2 nd Schedule].	10 % of the yield	Final (except for companies)	Within seven days from the end of each fortnight.	-Do-
151 (1) (c)	Fed/Pro Govt. / Local Govt	Recipient of profit on any security (Profit on debt)	Profit on securities, other than those mentioned in s. 151 (1) (a), issued by Federal / Provincial Government or a local government	10 % of the yield	Adjustable	The same day.	-Do-
151 (1) (d)	Banking company, a financial institution, a company or finance society.	Recipient of profit on debt other than financial institution	Profit on bonds, certificates, debentures, securities or instruments of any kind (other than loan agreements between borrowers and banking companies or development financial institutions) payable to any person other than financial institution. [For exemption see clause (59) (i) (ii), Part IV, 2 nd Schedule.	10 % of the yield	Final (except for companies)	Within seven days from the end of each fortnight.	-Do-

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected (Rule 43)	Statements to be filed (Rule 44)
151 (1) (d)	Banking company, a financial institution, a company or finance society.	Recipient of profit on debt other than financial institution	Profit on bonds, certificates, debentures, securities or instruments of any kind (other than loan agreements between borrowers and banking companies or development financial institutions) payable to any person other than financial institution. [For exemption see clause (59) (i) (ii), Part IV, 2 nd Schedule.	10 % of the yield	Final (except for companies)	Within seven days from the end of each fortnight.	-Do-
152 Payments to non-residents 152(1)	Every Person	Non-resident person	Royalties or fee for technical services to non-residents other than their PEs in Pakistan.	15% of the gross amount or reduced rate under DTA	Final	Federal or provincial government – The same day. Other - within seven days from the end of each fortnight	Monthly – within 20 days of end of each month Annual – within two months of end of financial year. Extension can be sought from commissioner u/s 165 (4).

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected	Statements to be filed (Rule 44)
152 (2)	Every person	Non-resident person	<p>Payment for profit on debt to a non-resident having no permanent establishment in Pakistan.</p> <p>Any other payments to non-resident, not otherwise specified and excluding the following:</p> <ol style="list-style-type: none"> 1. on account of salary, dividend, contractual payment u/s 153, rent, winnings & Prize and commission / brokerage: 2. taxable in the hands of a PE in Pakistan of the non-resident person: 3. payable by a person who is liable to pay tax as representative of the non-resident: or 4. not chargeable to tax in the hands of the non-resident 	<p>10 % of gross amount paid [clause (5A) Part-II, 2nd Sch.]</p> <p>30 % of the gross amount or reduced rate under DTA, if applicable.</p>	Adjustable	<p>Federal or Provincial Government - the same day.</p> <p>Other – within seven days from the end of each fortnight.</p>	<p>Monthly – within 20 days of end of each month.</p> <p>Annual – within two months of end of financial year.</p> <p>Extension can be sought from Commissioner u/s 165 (4).</p>

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected	Statements to be filed (Rule 44)
153 (1) (a) Payment for goods & services	-Fed Govt. / Pro Govt. -Company -AOP constituted or formed under the law -Foreign contractor or consultant -Consortium or joint venture -AOP having turnover of 50 (m) or above in tax year 2007 and onwards.	Resident person or PE of a non-resident person	Payment in full or in part including by way of advance to a resident person or PE of non-resident: 1. For sale of rice, cotton seed, edible oil, 2. Rice sold by Rice Exporters Association of Pakistan to Utility Stores Corporation. 3. For Sale of any other goods.	1.5 % of the gross payment 1 % of Sale value [Clause (13HH)Part-II 2 nd Sch. 3.5 % of the gross payment	Final (except in case of listed companies and companies engaged in manufacturing) Final Final (except incase of listed companies and companies engaged in manufacturing)	Federal or Provincial Government - the same day	Monthly – within 20 days of end of each month. Annual – within two months of end of financial year. Extension can be sought from Commissioner u/s 165 (4).

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected (Rule 43)	Statements to be filed (Rule 44)
153 (1) (b)	-do-	-do-	Transports Services	2 %	Minimum Tax		
			All Others (except advertisement services by owner of Newspaper and magazines.	6% of the payment			
			Advertisement Services by owner of Newspaper and Magazines.	6% of the payment			
153 (1) (c)	-do-	-do-	On execution of a contract, other than for supply of goods or the rendering of or providing services.	6 % of gross payment	Final (Except in case of listed companies)		
153 (1A)	Exporter / Export House	Resident person and permanent Establish in Pak of a non-resident	Services rendered or provided for stitching, dying, printing, embroidery, washing, sizing and weaving,	0.5 %	Final		

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected (Rule 43)	Statements to be filed (Rule 44)
153A Payment to non-resident media	Every person	Non resident media person relaying from outside Pakistan	Any payment for advertisement services to a non-resident media.	10 % of gross amount paid	Final	Federal or Provincial Government - the same day. Others – within seven days form the end of each fortnight.	Monthly – within 20 day of end of each month. Annual – within two months of end of financial year. Extension can be sought from commissioner u/s 165 (4).
154 Export 154 (1)	Authorized dealer / Banking company	Exporter of goods	On realization of proceeds on account of export of goods [Exemption to cooking oil or vegetable ghee exported to Afghanistan if tax u/s 148 is paid.]	1%	Final	Within seven days from the end of each fortnight	Monthly – within 20 days of end of each month. Extension can be sought from commissioner u/s 165 (4)
154 (2)	Authorized dealer / banking company	Foreign indenting commission agents	On realization of proceeds on account of commission to:- i. non-export indenting agent ii. Export indenting agent /export buying house.	5% 1%	Final Final	-do-	-do-

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or	Statements to be filed (Rule 44)
154 (3)	Banking company	Every Person	On realization of proceeds on account of sale of goods to an exporter under inland back to back LC or any other arrangement as may be prescribed by FBR.	1 %	Final	-do-	-do-
154 (3A)	EPZ Authority	Industrial undertaking located in export processing zone	Export of goods located in EPZ	1 %	Final	-do-	-do-
154 (3B)	Every direct exporter and export house registered under DTRE Rules 2001.	Indirect exporter	Payment for a firm contract	1%	Final	-do-	-do-
154 (3C)	Collector of Customs	Exporter	Export of goods	1%	Final	-do-	-do-

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected (Rule 43)	Statements to be filed (Rule 44)
155 Income from Property	-Federal Govt -Provincial Govt -Local Govt -Company -non-profit organization -Diplomatic mission of a foreign state and any other person notified by FBR	Recipient of rent of immovable property	Any payment in full or in part including by way of advance on account of rent of immovable property including rent of furniture and fixture and services relating to such property and amount mentioned in section 16(1) or (3): A) In case of Ind or AOP i. Amount not exceeding 150,000 ii. 150,000 to 400,000 iii. 400,000 to 1,000,000 iv. Exceeding 1,000,000 B) In case of company i. Amount not exceeding 400,000 ii. 400,000 to 1,000,000 iii. Exceeding 1,000,000	Nil 5% of amount exceeding 150,000 Rs. 12,500 + 7.5% of amount exceeding 400,000 Rs. 57,500 + 10% of amount exceeding 1,000,000 5% Rs. 20,000 + 7.5% of amount exceeding 400,000 Rs. 65,000 + 10% of amount exceeding 1,000,000	Final	-do-	-do-

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected (Rule 43)	Statements to be filed (Rule 44)
156 Prize and Winning	Every Person	Recipient of prizes or winnings	Payment of prize on prize bonds. Payment on a winning from a raffle, lottery, prize on winning a quiz, prize offered by companies for promotion of sale, crossword puzzles.	10 % 20 %	Final Final	Federal of Provincial Government - the same day. Other – within seven days form the end of each fortnight.	Monthly – within 20 days of end of each month. Annual – within two months of end of financial year. Extension can be sought from Commissioner u/s 165 (4).
156 A Petroleum products	Every Person	Petrol pump operators	Payment to petrol pump operator on account of sale of petroleum products	10 % of amount of commission	Final	Federal of Provincial Government - the same day. Other – within seven days form the end of each fortnight.	Monthly – within 20 days of end of each month. Annual – within two months of end of financial year. Extension can be sought from Commissioner u/s 165 (4).

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected (Rule 43)	Statements to be filed (Rule 44)
156 B Withdrawal of balance under pension fund	Pension Fund Manger	Recipient of amount from individual person account maintained under any approved pension fund	i. Withdrawal before retirement age. ii. Withdrawal, if in excess of 25 % of accumulated balance at or after the retirement age.	As specified in sub-section (6) of section 12 i.e average rate of tax for the last 3 preceding years or rate applicable for the year which ever is lower.	Adjustable	Provincial Government - the same day. Other – within seven days form the end of each fortnight.	Provincial Government - the same day. Other – within seven days form the end of each fortnight.
231A Cash withdrawal from a bank	Every Banking Company	Every person making a cash withdrawal exceeding Rs. 25,000 per day	Payment of cash withdrawal if exceeds Rs. 25,000/- in a day.	0.3 of the amount.	Adjustable	Within seven days from the end of each fortnight	Monthly - within 20 days of end of each month. Annual – within two months of end of financial year. Extension can be sought from Commissioner u/s 165. (4).

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected (Rule 43)	Statements to be filed (Rule 44)
231 B Purchase of locally manufactured motor vehicles	Motor Vehicle registration authority	Every person except 1) Fed Govt 2) Pro Govt 3) Local Govt 4) Foreign Diplomats 5) Diplomatic Mission in Pakistan 6) A person having exemption certificate from the CIT	Upto 850cc 851cc to 1000cc 1001cc to 1300cc 1301cc to 1600cc 1601cc to 1800cc 1801cc to 2000cc Above 2000cc	Rs. 7,500 Rs. 10,500 Rs. 16,875 Rs. 16,875 Rs. 22,500 Rs. 16,875 Rs. 50,000	Adjustable	The same day as collection is made by provincial government	Monthly - within 20 days of end of each month. Annual – within two months of end of financial year. Extension can be sought from Commissioner u/s 165 (4).
233 Brokerage & Commission	Fed / pro/ local Govt company, AOP constituted by or under any law	Recipient of brokerage or commission	Brokerage and commission income (Including – resident agents.	10 % of the amount of payment 5 % in case of advertising agents	Final	Provincial Government - the same day. Other – within seven days from the end of each fortnight.	Monthly - within 20 days of end of each month. Annual – within two months of end of financial year. Extension can be sought from Commissioner u/s 165 (4).

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected (Rule 43)	Statements to be filed (Rule 44)
233 A Collection of tax by stock Exchange							
233A (1) (a)	Stock Exchange registered in Pakistan	Member of the stock Exchange	On purchase of shares in lieu of the commission earned by its Members.	0.01% of purchase value.	Minimum tax	Within seven days from the end of each fortnight.	Monthly - within 20 days of end of each month.
(1)(b)		-do-	On sale of shares in lieu of the commission earned by its Members.	0.01 % of sale value	Minimum tax		Annual – within two months of end of financial year.
(1) (c)		Sellers of shares through members of the stock exchange.	From its Members in respect of trading of shares.	0.01 % of traded value	Minimum tax		Extension can be sought from Commissioner u/s 165 (4).
(1) (d)		Finance through members of the stock Exchange	From its Member in respect of financing of carryover trade in shares business	10 % of carryover charge	Adjustable		

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected (Rule 43)	Statements to be filed (Rule 44)
234 Tax on Motor Vehicles	Person collecting motor vehicle tax	Owner of motor vehicle	<p>From plying or hiring of goods transport:</p> <p>Reduced rate for goods transport vehicles with laden weight of 8120 kilograms or more after a period ten year from the date of first registration of the vehicle in Pakistan [paragraph (1A) of Div. III of part IV of Ist Sch.]</p> <p>Passenger transport</p> <p>Private motor cars</p>	<p>Rs. 1200 to 36000 Per annum</p> <p>Rs. 1200 per annum</p> <p>Rs. 25 to Rs. 100 per seat per annum</p> <p>Rs. 750 to Rs. 8000 per annum</p> <p>[Paragraph (1) Div III Part IV of First Sch.]</p>	<p>Final</p> <p>Final</p> <p>Adjustable</p> <p>Adjustable</p>	The same day as tax is collected by provincial government.	<p>Monthly – within 20 days of end of each month.</p> <p>Annual – Within two months of end of financial years</p> <p>Extension can be sought from commissioner u/s 165 (4)</p>
234 A CNG station	Person preparing gas consumption bill	CNG Station operator	On the amount of gas bill of a compressed Natural Gas station.	4%	Final	Within seven days from the end of each fortnight	<p>Monthly – within 20 days of end of each month.</p> <p>Annual – Within two months of end of financial years</p> <p>Extension can be sought from Commissioner u/s 165 (4)</p>

Section	Responsible Person	From Whom	Nature of payment / Transaction	Rate	Adjustable / Final	Payment of Tax deducted or collected (Rule 43)	Statements to be filed (Rule 44)
235 Electricity	Person preparing electricity bills	Commercial and industrial consumers of electricity	Taxpayer other than company (Upto bill amount of Rs. 30,000) Taxpayer other than company (on bill amount exceeding Rs. 30,000) Corporate Taxpayer	Ranging from Rs. 60 to Rs. 2000 depending on the monthly bill). For bill exceeding Rs. 30,000 , 10%	Minimum Tax Adjustable Adjustable	Within seven days from the end of each fortnight.	Monthly – within 20 days of end of each month. Annual – Within two months of end of financial years Extension can be sought from Commissioner u/s 165 (4)
236 Telephone	Person preparing telephones bill/issuing or selling prepaid card for mobile phone.	-Telephone subscriber -purchaser of prepaid telephone cards	Telephone subscribers Mobile telephone subscribed and prepaid telephone cards.	Up to monthly 1,000 : Nil Bill exceeding 1,000: 10 % 10% of amount of bill	Adjustable	Federal Provincial Government: - The same day. Other – within seven days from the end of each fortnight.	Monthly – within 20 days of end of each month. Annual – Within two months of end of financial years Extension can be sought from commissioner u/s 165 (4)
236 A Sale by auction	Person making sale of property / goods by auction	Purchaser	Purchase of property / goods through auction	5%	No Adjustable	At the time of payment	Monthly – within 20 days of end of each month. Annual – Within two months of end of financial years Extension can be sought from commissioner u/s 165 (4)

Withholding agent's liability to issue certificate of deduction and collection of tax

Every **withholding agent** (*person obliged to collect or deduct tax at source*) collecting or deducting tax under the provisions of the Income Tax Ordinance, 2001 is obliged to issue certificate of tax collected or deducted, in duplicate and serially numbered, in the prescribed form to the person from whom such tax has been collected or deducted.

Where the tax is deducted from salary under section 149 of the Income Tax Ordinance, 2001:

- (a) The certificate of tax deducted is to be issued within 45 days from the end of each financial year. Rule:41(1)
- (b) Where the employment ceases before the end of the financial year, the certificate is to be issued for the period of employment in that year within 7 days of the ceasing of the employment or at the time of making payment of final settlement whichever is later. Rule:41(2)

Where the tax is collected or deducted under any other provisions of the Income Tax ordinance, 2001:

- (a) The certificate of collection or deduction is to be issued within 15 days from the end of each financial year or discontinuation of business, etc. Rule:42(1)
- (b) If the person from whom tax has been collected or deducted requests for the issuance of the certificate before the end of the financial year, the certificate is to be issued for the period in that year within 7 days of the request made. Rule:42(2)

Where a certificate issued has been lost, stolen or destroyed, the recipient of the certificate may request, in writing, that the issuer of the certificate issue a duplicate certificate. Rule:41(3)

Where a request has been made, the issuer of the certificate shall comply with the request and the certificate so issued shall be clearly marked "duplicate". Rule:41(4)

All taxes collected or deducted are payable to the Commissioner of Income Tax by way of credit to the Federal Government by remittance to the Government Treasury or deposit in an authorized

branch of the State Bank of Pakistan or the National Bank of Pakistan.

Withholding agent's liability to submit Monthly and annual statements of tax collected or deducted

Every **withholding agent** (*person obliged to collect or deduct tax at source*) under the provisions of the Income Tax Ordinance, 2001 is required to submit necessary details and information after each month and annually.

A single consolidated statement for each month is to be submitted within 20 days from the end of the each month in the prescribed form accompanied with evidence of deposit of tax collected or deducted to the credit of the Federal Government.

Two separate annual statements are prescribed:

- (a) One for the withholding agents obliged to deduct tax from salary under section 149 of the Income Tax Ordinance, 2001; and
- (b) The other for withholding agents obliged to collect or deduct tax under any other provision of the Income Tax Ordinance, 2001.
- (c) E-filing is mandatory for companies and Federal Govt.

Withholding agent's liability to reconcile the Monthly and annual statements

Every **withholding agent** (*person obliged to collect or deduct tax at source*) wherever required by the Commissioner, is obliged to furnish a reconciliation of the amounts mentioned in the annual and monthly statements with the amounts

mentioned in the return of income, statements, related annexes and other documents submitted from time to time.

Consequences of non-compliance

The Income Tax Ordinance, 2001 takes ample care for non-compliance of the provisions of law relating to withholding taxes and filing of monthly and annual statements of tax collected and deducted. These are explained below:

Deductions not allowed [Section 21]

In case of non deduction of tax at source the following expenditures are not allowed as deduction for the purpose of computing income:

- Salary
- Rent
- Brokerage or commission
- Profit on debt
- Payment to non-resident
- Payment for services or fee

Recovery of tax not collected or deducted

The person responsible for collecting or deducting the tax at source as a withholding agent, is personally liable for the amount of tax not collected or deducted and payable/recoverable as if it is due under an assessment order under the Income Tax ordinance, 2001.

Recovery of tax collected or deducted but not deposited/paid

Similarly, the tax collected or deducted, if not paid is also payable/recoverable as if it is due under an assessment order under the Income Tax ordinance, 2001 personally from the person responsible to collect or deduct the tax at source as a withholding agent.

Charge of additional tax

In addition to the principal amount of the tax to be collected or deducted at source by the

withholding agent, a further tax "additional tax" is also payable/recoverable at the rate of KIBOR plus 3% per annum on the amount of tax not collected or deducted or having collected or deducted not paid computed for the period commencing on the date the amount was required to be collected or deducted and ending on the date on which it is paid.

Prosecution

Any person who, without reasonable excuse, fails to comply with the obligation to collect or deduct tax or having collected or deducted, fails to pay the tax shall tantamount to committing an offence punishable on conviction with a fine or imprisonment for a term not exceeding one year, or both.

Penalty for failure to furnish statement(s) of tax collected or deducted

Any person responsible for collection or deduction of tax at source as a withholding agent, without reasonable excuse, fails to furnish, within the time allowed for this purpose, any statement(s) of tax collected or deducted is liable for a penalty of Rs. 2,000. Sec:182(2)

If the default of not furnishing the statement(s) continues even after the imposition of penalty of Rs. 2,000, mentioned above, an additional penalty of Rs. 200 for each day of is also attracted. Sec:182(3)

Cross Index withholding agent wise

Persons liable to collect or deduct tax (Withholding agents)	Applicable sections of the Income Tax Ordinance, 2001
Shipping agent	07,8, 143,169
Airline Agents	07,8, 144,169
Gas Company	234A, 169
Authorized dealer in foreign exchange	149, 154(1), 154(2)
Association of persons	149, 152(1), 152(1A), 152(2), 153(1A),156, 233
Association of persons constituted by, or under, law	149, 152(1), 152(1A), 152(2), 153(1), 153(1A), 156, 233
Banking Company	149, 151(1)(a), 151(1)(b), 151(1)(d), 152(1), 152(1A), 152(2), 153(1), 154(1), 154(2), 154(3), 155, 156, 231A, 233,
Body corporate formed by or under any law in force in Pakistan	149, 151(1)(d), 152(1), 152(1A), 152(2), 153(1), 153(1 A), 155, 156, 233
Body incorporated by or under the law of a country outside Pakistan relating to incorporation of companies	149, 152(1), 152(1A), 152(2), 153(1), 155, 156, 233
Collector of Customs	148
Company as defined under the Companies Ordinance, 1984	149, 151(1)(d), 152(1), 152(1A), 152(2), 153(1), 153(1 A), 155, 156, 233
Consortium	149, 152(1), 152(1A), 152(2), 153(1), 153(1A), 156
Co-operative Society	149, 152(1), 152(1A), 152(2), 153(1), 153(1A), 155, 156, 233
Diplomatic mission of a foreign state	155
Direct Exporter	153(1A), 154(3B)
Electricity Consumption Bill Preparing Authority	235
Export House registered under DTRE Rule, 2001	153(1A), 154(3B)
Export Processing Zone Authority	154(3A)
Federal Government	149, 151(1)(a), 151(1)(c), 152(1), 152(1A), 152(2), 153(1), 153(1A), 155, 156, 233
Finance society	149, 151(1)(d), 152(1), 152(1A), 152(2), 153(1), 155, 156, 233
Financial Institution	149, 151(1)(b), 151(1)(d), 152(1), 152(1A), 152(2), 153(1), 154(1), 154(2), 155, 156, 233
Foreign association, whether incorporated or not, declared to be a company by the Federal Board of Revenue	149, 152(1), 152(1A), 152(2), 153(1), 155, 156, 233
Foreign consultant	149, 152(1), 152(1A), 152(2), 153(1), 156, 233
Foreign contractor	149, 152(1), 152(1A), 152(2), 153(1), 156, 233
Individual	149, 152(1), 152(1A), 152(2), 153(1A), 156
Joint Venture	149, 152(1), 152(1A), 152(2), 153(1), 156
Local Authority	149, 151(1)(c), 152(1), 152(1A), 152(2), 153(1), 155, 156, 233
Modaraba	149, 152(1), 152(1A), 152(2), 153(1), 155, 156, 233
Motor Vehicle Tax Collection Authority	234
Non-profit organization	149, 152(1), 152(1A), 152(2), 153(1), 153(9) 155, 156, 233
Pension Fund Manager	156B

Person paying profit on debt on National Saving Schemes of Directorate of National Savings or Post Office Saving Account	151(1)(a)
Persons selling petroleum products to petrol pump operators	156A
Trust	149, 152(1), 152(1A), 152(2), 153(1), 155, 156, 233
Prepaid Card Selling Person	236
Provincial Government	149, 151(1)(c), 152(1), 152(1A), 152(2), 153(1), 153(1 A), 155, 156, 233
Resident Company	150
Society established or constituted by or under any law for the time being in force	149, 152(1), 152(1A), 152(2), 153(1), 155, 156, 233
Stock Exchanges Registered in Pakistan	233A
Telephone Bill Preparing Person	236
Sale on Auction	236A

Other Facilitation and Tax Education Material Produced by
Federal Board of Revenue

Publications

Brochure– Universal self-assessment and record keeping

Brochure – Business accounts, documents and records

Brochure – Taxation of income from salary

Brochure -- Frequently asked questions about Taxation of Salary

Brochure –Collection and deduction of tax at source

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Brochure –Import of vehicles

Brochure –Passenger Baggage Rules

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Quarterly Review

Year Book