

Government of Pakistan
Revenue Division
Federal Board of Revenue

C.No4(99)IT-Budget/2016

Islamabad, the 7th December, 2016

Circular No. 18 of 2016
(Income Tax)

Subject:- **EXPLANATION REGARDING SECTION 236W OF THE INCOME TAX ORDINANCE, 2001 INSERTED THROUGH THE INCOME TAX (AMENDMENT) ACT, 2016.**

Section 236W inserted through the Income Tax (Amendment) Act, 2016 mandates that every person responsible for registering or attesting transfer of any immovable property, shall, at the time of registering or attesting the transfer collect from the purchaser or transferee an advance tax at the rate of 3% of the amount representing the differential between the value of immovable property notified by the Board and the value recorded by the authority registering or attesting the transfer, provided that the value of immovable property notified by the FBR is greater than the value recorded by the authority registering or attesting the transfer. The tax collected under section 236W shall not be adjustable in the hands of the purchaser. It is also clarified that collection of tax under section 236W of the Ordinance is in addition to collection of tax under section 236C and 236K of the Ordinance.

For the sake of clarity, illustrations/examples regarding computation of tax to be collected under section 236W is as under :-

Example I (taxpayer is a filer)

(a)	Amount at which Seller and Purchaser have agreed (in the Agreement to Sell etc)	Rs. 5 million
(b)	District Collector Rate	Rs. 7 million
(c)	Amount at which the property is to be Registered [higher of (a) or (b)] i.e. Registered Value	Rs. 7 million
(d)	FBR Rate	Rs. 10 million
(e)	Taxes u/s 236C (1% of Rs. 10 million)	Rs.100, 000/-
(f)	Tax u/s 236K (2% of Rs. 10 million)	Rs.200, 000/-
(g)	Tax u/s 236W [3% of Rs. 3 million (d-c)]	Rs.90, 000/-

Example 2 (taxpayer is a filer)

(a)	Amount at which Seller and Purchaser have agreed (in the Agreement to Sell etc)	Rs. 1 million
(b)	District Collector Rate	Rs. 2 million
(c)	Amount at which the property is to be Registered [higher of (a) or (b)] i.e. Registered Value	Rs. 2 million
(d)	FBR Rate	Rs. 3 million
(e)	Taxes u/s 236C (1% of Rs. 3 million)	Rs.30, 000/-
(f)	Tax u/s 236K (Not applicable as less than Rs 4 m)	N.A
(g)	Tax u/s 236W [3% of Rs. 1 million (d-c)]	Rs.30, 000/-

Example 3 (where taxpayer is a non-filer)


(a)	Amount at which Seller and Purchaser have agreed (in the Agreement to Sell etc)	Rs. 5 million
(b)	District Collector Rate	Rs. 7 million
(c)	Amount at which the property is to be Registered [higher of (a) or (b)] i.e. Registered Value	Rs. 7 million
(d)	FBR Rate	Rs. 10 million
(e)	Taxes u/s 236C (2% of Rs. 10 million)	Rs.200, 000/-
(f)	Tax u/s 236K (4% of Rs. 10 million)	Rs.400, 000/-
(g)	Tax u/s 236W [3% of Rs. 3 million (d-c)]	Rs.90, 000/-

Example 4 (taxpayer is a filer)

(a)	Amount at which Seller and Purchaser have agreed (in the Agreement to Sell etc)	Rs. 12 million
(b)	District Collector Rate	Rs. 7 million
(c)	Amount at which the property is to be Registered [higher of (a) or (b)] i.e. Registered Value	Rs. 12 million
(e)	FBR Rate	Rs. 10 million
(f)	Taxes u/s 236C (1% of Rs. 10 million)	Rs.100,000/-
(g)	Tax u/s 236K(2% of Rs. 10 million)	Rs.200,000/-
(h)	Tax u/s 236W (Since FBR Value is less than the Registered value)	Not Applicable

Example 5 (taxpayer is a filer)

(a)	Amount at which Seller and Purchaser have agreed (in the Agreement to Sell etc)	Rs. 7 million
(b)	District Collector Rate	Rs. 5 million
(c)	Amount at which the property is to be Registered [higher of (a) or (b)] i.e. Registered Value	Rs. 7 million
(d)	FBR Rate	Rs. 9 million
(e)	Taxes u/s 236C (1% of Rs. 9 million)	Rs.90, 000/-
(f)	Tax u/s 236K (2% of Rs. 9 million)	Rs.180, 000/-
(g)	Tax u/s 236W [3% of Rs. 2 million (d-c)]	Rs.60, 000/-



Example 6 (taxpayer is a filer)

(a)	Amount at which Seller and Purchaser have agreed (in the Agreement to Sell etc)	Rs. 4 million
(b)	District Collector Rate	Rs. 6 million
(c)	Amount at which the property is to be Registered [higher of (a) or (b)] i.e. Registered Value	Rs. 6 million
(d)	FBR Rate	Rs. 6 million
(e)	Taxes u/s 236C (1% of Rs. 6 million)	Rs.60, 000/-
(f)	Tax u/s 236K (2% of Rs. 6 million)	Rs.120, 000/-
(g)	Tax u/s 236W [3% of Rs. 0 million (d-c)]	Rs. 0/-

Example 7 (taxpayer is a filer)

(a)	Amount at which Seller and Purchaser have agreed (in the Agreement to Sell etc)	Rs. 4 million
(b)	District Collector Rate	Rs. 6 million
(c)	Amount at which the property is to be Registered [higher of (a) or (b)] i.e. Registered Value	Rs. 6 million
(d)	FBR Rate	Rs. 6 million
(e)	Taxes u/s 236C (Seller dependent of <i>Shaheed</i>)	Rs.0/-
(f)	Tax u/s 236K (2% of Rs. 6 million)	Rs.120,000/-
(g)	Tax u/s 236W [3% of Rs. 0 million (d-c)]	Rs. 0/-

(Syed Hassan Sardar)
Secretary (Rules & SROs)