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Islamabad, the 29<sup>th</sup> July, 2015

From:  
Director General  
(Withholding Taxes)  
Federal Board of Revenue  
Tel/Fax #051-9201948/9207664  
Email: shaukat.mahmood@fbr.gov.pk

Subject: - **UPDATED TAX RATES FOR SECTIONS 231B & 234 OF THE INCOME TAX ORDINANCE, 2001 AS PER FINANCE ACT, 2015 -CLARIFICATION REGARDING**

Dear Sir,

Reference this office letters of even number dated 13<sup>th</sup> July 2015 on the subject. In order to bring more clarity in enforcing the updated rates of withholding taxes for sections 231B and 234 of the Income Tax Ordinance, 2001 w.e.f 1st July 2015 as per Finance Act 2015 some concepts/issues are elaborated for the understanding of tax withholding agents and the general public as under:

**Section 231B**

- I. **Motor vehicles:** Includes car, jeep van, sports utility vehicle, pick-up trucks for private use, caravan automobile, limousine, wagon and any other automobile used for private purpose excluding motorcycles, autorickshaws.
- II. **Date of First Registration means:**

<ul style="list-style-type: none"> <li>✓ <b>Armed Forces' Vehicles</b></li> <li>• <b>Vehicles acquired from foreign diplomats or a diplomatic missions in Pakistan</b></li> <li>• <b>Unregistered Vehicles acquired from the Federal or a Provincial Government</b></li> <li>• <b>In all other cases</b></li> </ul>	<p>From the date of issuance of broad arrow</p> <p>From the date of registration by the Ministry of Foreign Affairs</p> <p>From the last day of the year of manufacture</p> <p>From the date of first registration by the Excise and Taxation office</p>
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**III. Transfer of vehicles:**

The tax to be collected on transfer of motor vehicles shall be reduced by 10 % each year from the date of first registration in Pakistan **upto five years.**

**There will be no collection of Tax on transfer of vehicles after five years from the date of first registration in Pakistan.**

2. The updated tax rates for the purpose of section 231B as per Finance Act, 2015 applicable w.e.f 1st July 2015 are as under:

<u>Section</u>	<u>Provision of the Section</u>	<u>Tax Rate</u>		<u>Time lines (If any)</u>
		<u>Filers</u>	<u>Non-Filers</u>	
<b>231B</b>  Advance tax on Purchase, Registration and transfer of Motor vehicles  (First Registration)	<u>Engine Capacity</u>			
	Upto 850CC	Rs 10,000	Rs 10,000	
	851cc to 1000cc	Rs 20,000	Rs 25,000	
	1001cc to 1300cc	Rs 30,000	Rs 40,000	
	1301c to 1600cc	Rs 50,000	Rs 100,000	
	1601cc to 1800cc	Rs 75,000	Rs 150,000	
	1801cc to 2000cc	Rs 100,000	Rs 200,000	
	2001cc to 2500cc	Rs 150,000	Rs 300,000	
	2501cc to 3000cc	Rs 200,000	Rs 400,000	
	Above 3000cc	Rs 250,000	Rs 450,000	
(Transfer of Registration or ownership)	The rate of tax under sub-section (2) of section 231B shall be as follows-	<u>Filers</u>	<u>Non Filers</u>	<u>No Advance tax is payable on transfer of vehicle after five years of the date of first registration.</u>
	Upto 850CC	0	Rs 5,000	
	851cc to 1000cc	Rs 5,000	Rs 15,000	
	1001cc to 1300cc	Rs 7,500	Rs 25,000	
	1301c to 1600cc	Rs 12,500	Rs 65,000	
	1601cc to 1800cc	Rs 18,750	Rs 100,000	
	1801cc to 2000cc	Rs 25,000	Rs 135,000	
	2001cc to 2500cc	Rs 37,500	Rs 200,000	
	2501cc to 3000cc	Rs 50,000	Rs 270,000	
	Above 3000cc	Rs 62,500	Rs 300,000	

3. **Section 234** The updated tax rates for the purpose of section 234 as per Finance Act, 2015 w.e.f 1<sup>st</sup> July 2015 are:

<u>Section</u>	<u>Provision of the Section</u>	<u>Tax Rate</u>		<u>Time lines (If any)</u>	
		<u>Filer</u>	<u>Non Filers</u>		
234 Tax with Motor Vehicle Tokens  (Other Private Motor Cars' Tokens)	a) Other Private Motor Cars With Engine Capacity of :-			<u>No advance tax after 10 years</u>	
	Upto 1000cc	Rs 800	Rs 1,200		
	1001cc to 1199cc	Rs 1,500	Rs 4,000		
	1200cc to 1299cc	Rs 1,750	Rs 5,000		
	1300cc to 1499cc	Rs 2,500	Rs 7,500		
	1500cc to 1599cc	Rs 3,750	Rs 12,000		
	1600cc to 1999cc	Rs 4,500	Rs 15,000		
	2000cc & above	Rs 10,000	Rs 30,000		
	b) In the case of Passenger Transport Vehicles plying for hire, seating capacity.	Filer	Non Filers		<u>No advance tax after 10 years</u>
	i. 4 or more persons but less than 10 persons.	Rs 50	Rs 100		
ii. 10 or more persons but less than 20 persons.	Rs 100	Rs 200			
iii. 20 persons or more.	Rs 300	Rs 500 ; and			
(Goods Transport Vehicles' Tokens)	a) In the case of goods Transport Vehicles.			<u>No Advance tax on goods transport vehicles with laden weight of less than 8120 KG after the period of 10 years</u>	
	Filer	Rs. 2.5 per kg of the laden weight			
	Non filer	Rs. 4 per kg of the laden weight			
	b) Transport vehicle with laden weight of 8120 Kg or more after a period ten years from the date of first registration	Rs, 1200 per annum			


4. The advance tax collected under section 231B and 234 of the Income Tax Ordinance, 2001 is adjustable against total tax liability of the taxpayer.

5. In view thereof, it is requested that all the Field offices may kindly be informed accordingly to deduct withholding tax at the updated rates (wherever applicable) including tax u/s 231B and u/s 234 of the Income Tax Ordinance, 2001.

6. Your kind cooperation in this regard will be highly appreciated.

With profoundest regards,

Yours sincerely,



(SHAUKAT MAHMOOD)

To:

1. **Mr. Fakir Syed Shaharyarudin**  
Director General,  
Pakistan Post.  
**Islamabad.**
2. **Mr. Ali Tahir**  
Secretary, Excise and Taxation  
Government of Punjab.  
**Lahore.**
3. **Mr. Muhammad Israr**  
Secretary, Excise and Taxation  
Government of Khyber Pakhtunkhwa  
**Peshawar.**
4. **Dr. Badar Jamil Mendhro**  
Secretary, Excise and Taxation  
Government of Sindh.  
**Karachi.**
5. **Mr. Ahmed Raza Khan**  
Secretary, Excise and Taxation  
Government of Balochistan,  
**Quetta.**
6. **Capt. Mushtaq**  
D.G, Excise and Taxation  
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