Company accrual Basis of chargeability Ind / AOP accrual or cash basis Pakistan source business carried out in Pakistan Company Federal Govt Constituted by or under any law; or **A**OP turnover > Rs. 50 million Individual having turnover > Rs.50 million Prescribed person (C-GAINS FEJ) Non-profit organization person registered under Sales Tax Act, 1990 Foreign contractor or consultant expoeter or an export house Consortium or joint venture

@ 25%

Income from business

Registered after 1st July 2005

**Small Company** 

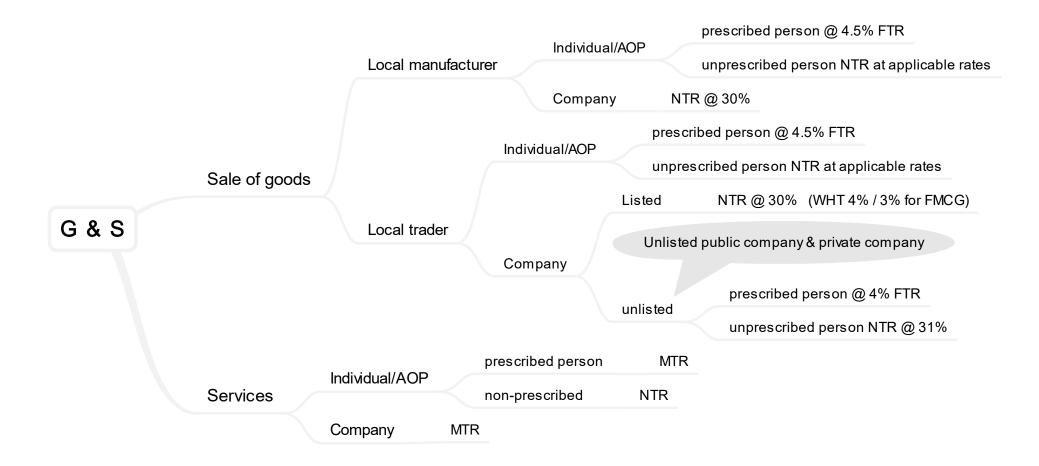
Equity  $\leq 50$ m

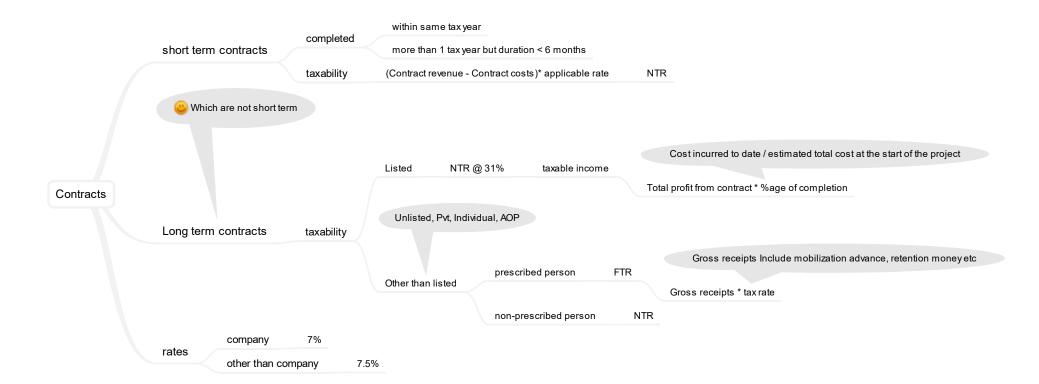
Employees < 250m

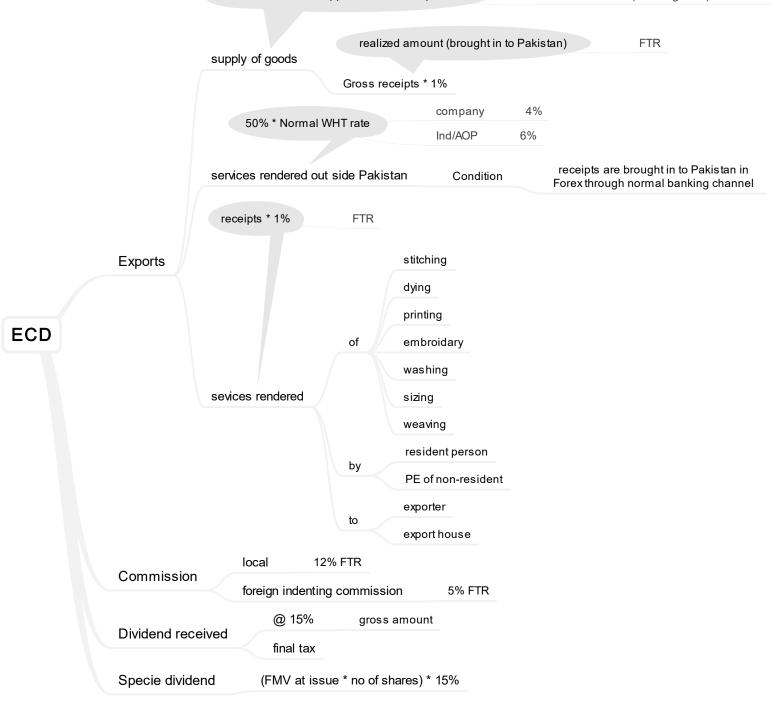
Turnover < 250m

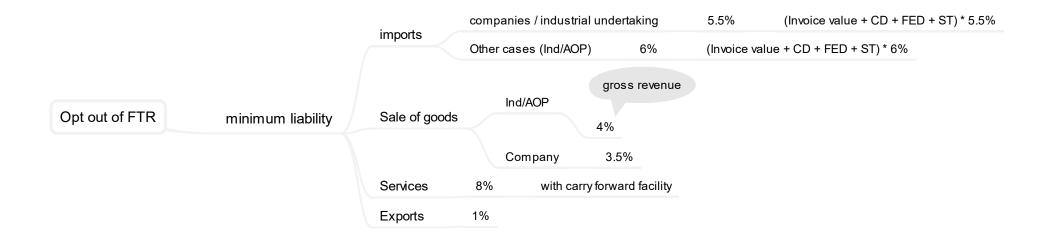
speculation in your RM to guard against future loss non-speculation exceptions Stocks and shares Capital gain without actual delivery Arbitrage or jobbing Speculation business setoff Speculation gain up to 6 tax years loss can be carried forward loss of earliest tax year shall be set-off first adjustable loss under any other head of income gain companies / industrial undertaking 5.5% (Invoice value + CD + FED + ST) \* 5.5% Other cases (Ind/AOP) 6% (Invoice value + CD + FED + ST) \* 6% Commercial importer / industrial undertaking FTR Importer Import house NTR regime Manufacturing concern NTR import of edible oil & packing material minimum tax

S & I



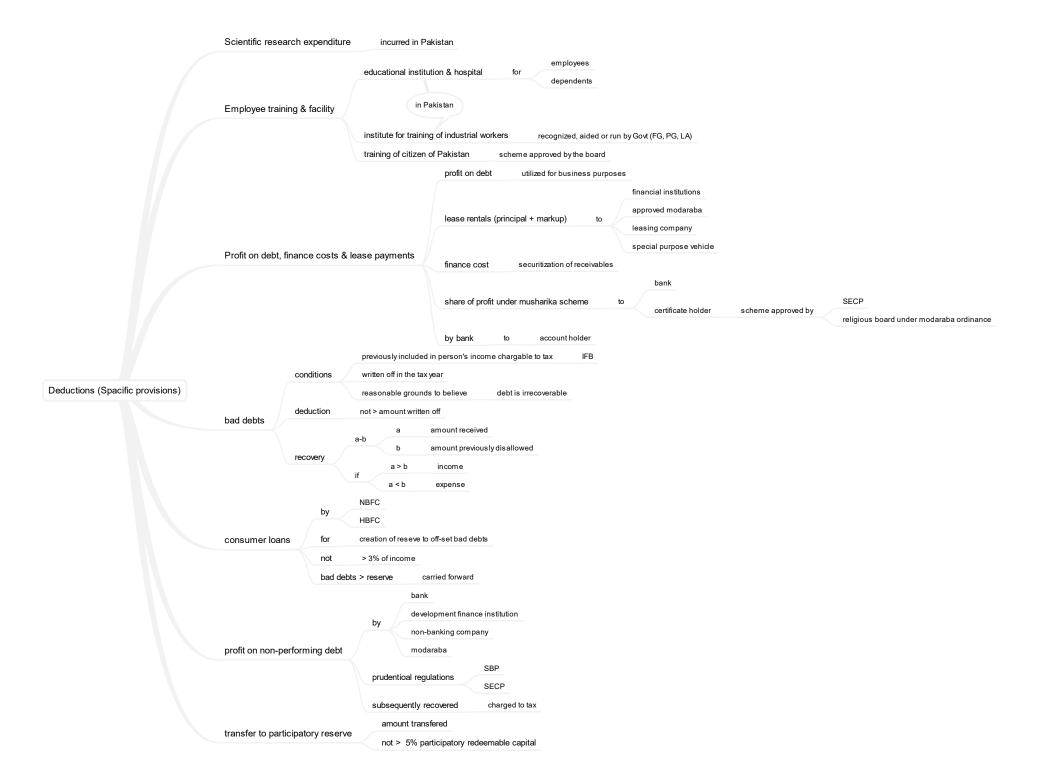






dead or useless animal cost - amount received from selling dead body legal & administrative exp amalgamated company for implementing scheme of amalgamation owned & managed by company first year allowance 90% P&M rulal & underdeveloped areas alternate energy projects road transport vehicle unless plying for hire furniture including fittings eligible depreciable asset except used in Pakistan initial allowance P & M deduction for entire cost is allowed building 15% rates 25% others building 10% depreciation rates Computer 30% others 15% full year depreciation in the year of purchase & no depreciation in the year of sale passenger tansport vehicle not playing for hire Deductions allowed restricted cost Rs. 2,500,000 disposal consideration depreciation allowed / actual cost \* amount received on disposal capital exp building if consideration > cost Cost = Consideration disposal partly for official use consideration - (WDV + disallowed depreciation) gain Consideration = orignal Cost exported included in cost taxable Govt grant non-taxable excluded from cost intangible expeniture providing benefit for > 1 year A = Cost amortization A/B UL < 10 years actual B = Useful life UL > 10 years or unascertainable UL = 10 years proportionate amortization in the year of acquisition (days used / days in TY) & no amortization in year of sale b/f commencement of business feasibilitystudy includes construction of prototypes pre-commencement expenditure trail production activities does not includes cost of raising capital e.g on IPO 20% straight line

wholly & exclusively for the purpose of business



lower of cost & NRV

absorption cost (DM+DL+FOH)
cash basis
accounting

prime cost (DM+DL+VOH)

accrual basis

absorption cost

Valuation of stock in trade

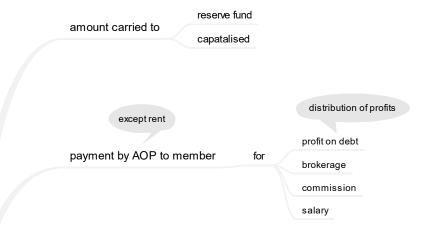
once chosen, can only be changed with the approval of the commissioner

stock valuation

**FIFO** 

average cost method





Deductions not allowed 2

aggregate expenditure under single account head paid in cash > 50,000

utility bills freight charges travel fare postage on account of payment for fine

except

expenditures not > 10,000

agriculture produce purchased from grower

Hajj operators

any other statutory obligation

taxes

duties

fee

salary > 15,000 paid in cash

sales promotion marketing costs for advertisement expenditure publicity > 10% of turnover excess disallowed pharmaceutical manufacturers incurred by

does not distributes any cash dividend, or

capital reserve
within 6 months of the end of the TY, either

excluding

share premium reserve
statutory reserve

after distribution, reserves > paidup capital

public company

distributes profits less then

40% PAT

electric power generation projects in Pakistan

except

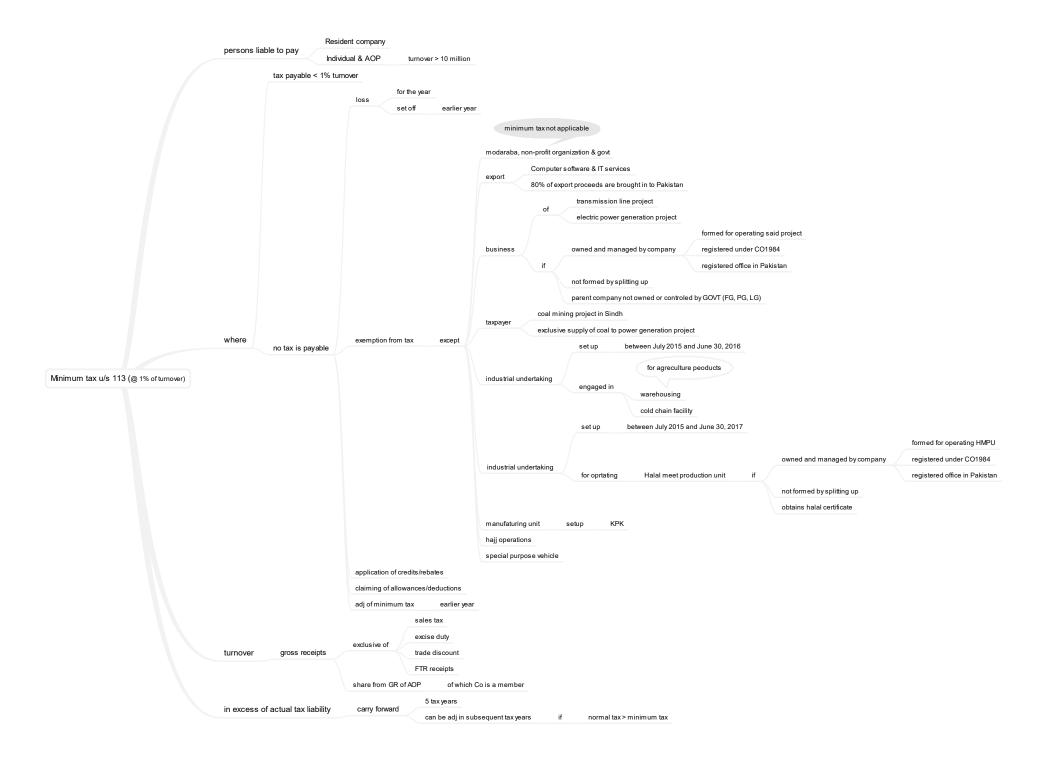
Govt holding > 50%

scheduled bank

modaraba

Tax on undestributed reserves every public company

Profit before tax \* 7.5%



insurance companies Exploration & production applicable on companies except Mining companies Banking companies Alternate corporate tax exempt income @ 17% FTR income accounting profit excluding Income from business Share of profit from associate under equity method excess over minimum tax u/s 113 carry forward 10 tax years company & AOP (A\*B/C) - D advance tax u/s 147 Individual A4 - B if < 90% of tax liability default surcharge @ 12% 9 months