



Taxation | Financial Advisory | Corporate | Legal Advisory

2025-26

BUDGET BRIEF



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The firm has provided consultancy services to 1000+ clients and prides itself in being client's first choice to fulfill their business needs. We work with a wide range of clients-from local businesses to large corporate companies and global organizations.

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Budget Brief Prologue

The information contained in this briefing is based on the Finance Bill 2025-26. This given information is correct to the best of our knowledge. This briefing is intended to provide a general outline of the object covered which includes the important charges proposed through the Finance Bill 2025-26. The Memorandum included comments on the highlights of the changes brought through by the Bill in the Income Tax Ordinance 2001, Sales Tax Act 1990.



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Income Tax

1. Salaried Individuals Relief:

- On salaried persons the tax rate is reduced (**Slab Attached**).

TAX RATES FOR SALARIED INDIVIDUALS

S#	TAXABLE INCOME	RATE
1.	Where the taxable income does not exceed Rs. 600,000	0%
2.	Where the taxable income exceeds Rs. 600,000 but does not exceed Rs.1,200,000	1% of the amount exceeding Rs 600,000
3.	Where taxable income exceeds Rs. 1,200,001 but does not exceed Rs. 2,200,000	Rs. 6,000 + 11% of the amount exceeding Rs. 1,200,000
4.	Where taxable income exceeds Rs. 2,200,001 but does not exceed Rs. 3,200,000	Rs. 116,000 + 23% of the amount exceeding Rs. 2,200,000
5.	Where taxable income exceeds Rs. 3,200,001 but does not exceed Rs. 4,100,000	Rs. 346,000 + 30% of the amount exceeding Rs. 3,200,000
6.	Where taxable income exceeds Rs. 4,100,000	Rs. 616,000 + 35% of the amount exceeding Rs. 4,100,000.

2. Super Tax Reduction:

- Income does not exceed Rs. 150 million – 0%
- Income exceeds Rs. 150 million but does not exceed Rs. 200 million – 1%
- Income exceeds Rs. 200 million but does not exceed Rs. 250 million – 1.5%
- Income exceeds Rs. 250 million but does not exceed Rs. 300 million – 2.5%
- Income exceeds Rs. 300 million but does not exceed Rs. 350 million – 3.5%
- Income exceeds Rs. 350 million but does not exceed Rs. 400 million – 5.5%
- Income exceeds Rs. 400 million but does not exceed Rs. 500 million – 7.5%
- Income exceeds Rs. 500 million – 10%



3. Tax rate on profit on debt and dividend:

- Tax rate on profit on debt increased from 15% to 20%.
- The dividend tax rate increased to 25%

4. Tax Rate on Specified Services

- The Withholding tax rate increase for specified services from 4% to 6% with the exception of IT and IT enabled Services.
- For other non- specified services, a flat 15% will be imposed and from 10% to 15% on Sports person.

5. Tax on Cash withdrawal:

- Withholding tax rate on cash withdrawal on non-filers to be increased from 0.6% to 0.8%.

6. Profit on Debt:

- Profit on debt up to rupees five million under final tax regime to be removed for individuals and Association of Persons (AOP). Companies will continue to be adjustable.

7. Advance tax rates on sale or transfer of immovable property enhance u/s 236C:

- Consideration received up to Rs. 50 million – 4.50% tax
- Consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million – 5% tax
- Consideration received exceeds Rs. 100 million – 5.50% tax

8. Advance tax rates on purchase or transfer of immovable property reduce u/s 236K:

- Fair market value up to Rs. 50 million – 1.5% tax
- Fair market value exceeds Rs. 50 million but does not exceed Rs. 100 million – 2% tax
- Fair market value exceeds Rs. 100 million – 2.5% tax

9. Purchase from unregistered person:

- Any purchase from an unregistered person from the unregulated market, 10% of the purchase-related expenditure will be disallowed.

10. Pension Income:

- Pension income received by an individual below the age of 70 years and over and above of Rs. 10,000,000 has been charged to tax at the flat rate of 5%.



SALES TAX

1. SCOPE OF TAX

It is proposed that the scope of tax be expanded, making payment intermediaries and courier service providers liable for sales tax. Additionally, it is proposed that the sales tax rate for online marketplaces be increased from 1% to 2%, with no input tax adjustment permitted for these platforms.

2. INPUT TAX ADJUSTMENT FOR OTHER TAXPAYERS

Prior to the **Finance Bill 2025**, a **90% input tax adjustment** was allowed. **It is proposed** that the **Board may restrict this adjustment**.

3. ASSESSMENT OF SALES TAX LIABILITY

It is proposed that if a person is not registered but liable to register and whose tax under Section 236G of the Income Tax Ordinance was deducted, the officer may assess sales tax liability based on available information from the Income Tax Ordinance, 2001.

4. BAR ON OPERATION OF BANK ACCOUNTS

It is proposed that the Commissioner may order a bank to restrict operations if a person is not registered under the Act.

5. BAR ON TRANSFER OF IMMOVABLE PROPERTY

It is proposed that the Commissioner may direct the Registering Authority to prohibit the transfer of property if the person is not registered under the Act.

6. BLACKLISTING

It is proposed that if a suspension order is issued, a show cause notice must be provided within 15 days, allowing the taxpayer an opportunity to be heard.

7. PENALTY FOR ONLINE MARKETPLACES, PAYMENT INTERMEDIARY & COURIER

It is proposed that the penalty structure be as follows in case of non-filing of statement within due date as required under section 26:

- First default: Fine of PKR 500,000

- Subsequent defaults: Fine of PKR 1,000,000

7A. PENALTY FOR ONLINE MARKETPLACE & COURIER

If they allow to use of its services in the course of e-commerce by unregistered persons;

- First default: Fine of PKR 500,000
- Subsequent defaults: Fine of PKR 1,000,000

8. APPEAL PROCESS

It is proposed that taxpayers will have the option to file an appeal directly with the Appellate Tribunal Inland Revenue.

9. THIRD SCHEDULE

It is proposed that the following items fall under Third Schedule;

- i. Import of pet food
- ii. Import of coffee,
- iii. Import of chocolates, and cereal bars sold in retail packaging.

10. SIXTH SCHEDULE – CHANGES IN EXEMPTIONS

- It is proposed that the exemption be withdrawn on goods sold to FATA/PATA (Serial No. 151). A 10% sales tax will be applied for Tax Year 2026, with gradual increases over the next five years.
- It is proposed that the exemption be extended for 2026 on the supply of electricity to FATA/PATA (Serial No. 152).

FEDERAL EXCISE ACT, 2005 – KEY HIGHLIGHTS

1. Seizure and Confiscation of Counterfeit Goods

- Dutiable goods (e.g., cigarettes, beverages) without valid tax stamps, banderols, stickers, labels, or barcodes—or with counterfeit ones—may be seized.
- Vehicles used to transport such goods are also liable to seizure.
- Seized goods may be subject to outright confiscation.

2. Appeals Process

- The appeals process has been streamlined.
- Pecuniary jurisdiction of the Commissioner (Appeals) is proposed to be removed.
- Registered persons may directly approach the Appellate Tribunal Inland Revenue without first appealing to the Commissioner (Appeals).
- References to the High Court are also simplified.

3. Withdrawal of FED on Property Transactions

- Federal excise duty on the allotment and transfer of residential and commercial plots (imposed via Finance Act 2024) is proposed to be withdrawn.

4. Authorization of Officers from Other Departments

FBR may authorize officers or employees from federal/provincial departments via Gazette notification. Such officers can exercise powers under Section 26 (seizure) and Section 27(1) (confiscation) of the Act.





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- Tax Registration
- Tax Advisory
- Tax Filing
- Tax Returns & Statements
- Tax Audit

Financial Advisory

- Accounting & Book Keeping
- Annual Account & Financial Statement
- Management Reporting
- Internal Audit
- GAP Analysis

Corporate & Secretarial

- Company Registration
- Advise On Statutory Affairs
- Statutory Compliance
- Forms Filing
- Notice Compliance

Legal Advisory

- Litigation
- Regulatory Compliance
- Legal Drafting
- Inheritance
- Petition & Reference



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