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Pakistan Revises Tax Rules for 2025-26 Fiscal Year

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– Categories: Real Estate



The Federal Board of Revenue (FBR) has announced amendments to Pakistan's income tax regulations for the fiscal year 2025-26, aimed at broadening the tax base and curbing non-compliance. The updated measures introduce stricter controls on non-filers and adjustments to property transaction taxes.

According to official documents, individuals who do not file tax returns will now face a higher withholding tax rate of 0.8%, up from 0.6%, on daily bank withdrawals exceeding PKR 50,000. The policy is intended to discourage undocumented cash transactions and

encourage tax registration. Although the Senate's Finance Committee had suggested raising the withdrawal threshold to PKR 75,000, the final regulations retain the PKR 50,000 limit.

Under the new provisions, banks are authorised to deduct an advance adjustable tax from non-filers automatically.

Changes to Property Transaction Tax

The FBR has also revised its rules for real estate transactions. Buyers will benefit from a 1.5% reduction in withholding tax, while sellers or transferors will face a 1.5% increase across all tax slabs to account for capital gains on property sales. These changes are reflected in Sections 236C and 236K of the Income Tax Ordinance.

Exemptions remain for individuals who have owned property for more than 15 years and have declared it in their tax returns. This relief applies regardless of whether the owner resided in the property during that period.

Audit Immunity Clarification

In an additional measure, the FBR has clarified audit immunity rules: taxpayers whose cases were selected for audit in any of the past three years will not be reselected during that timeframe, providing greater certainty for compliant taxpayers.

KP Revenue Authority Engages with Businesses

Separately, in Khyber Pakhtunkhwa, the KP Revenue Authority (KPRA) has been in discussions with local businesses about service tax compliance. A meeting in Haripur, chaired by Assistant Collector Hizbullah Khan, brought together members of the Wedding Hall Association to address timely tax payments and accurate monthly sales tax return submissions. The KPRA stressed that all service providers must adhere to legal requirements to avoid penalties.

The latest amendments underscore the government's ongoing efforts to document the economy and strengthen tax collection. With adjustments affecting both cash transactions and property dealings, the FBR aims to incentivize compliance while addressing gaps in the current system.