

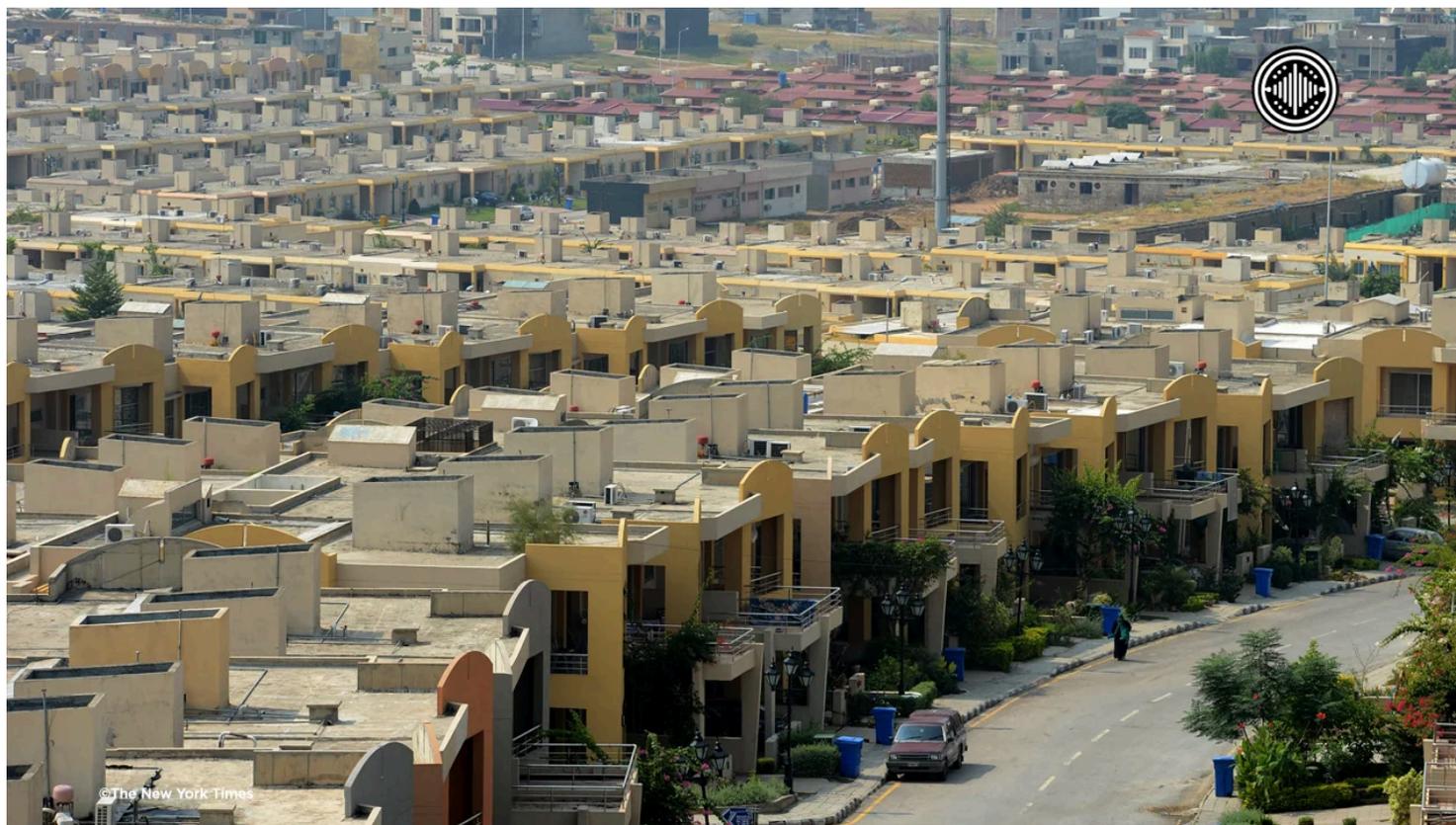
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## Pakistan Withdraws Property Tax, Boosting Real Estate Market

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– Categories: Real Estate



In a significant move for Pakistan’s real estate sector, the Federal Board of Revenue (FBR) has officially withdrawn the Federal Excise Duty (FED) on the allotment and transfer of immovable property. This announcement, made through Sales Tax and Federal Excise Circular No. 2 of 2025, aims to encourage growth and investment within the property market.

The FED, introduced under the Finance Act of 2024, had imposed duties on various categories of property transactions, particularly affecting buyers during the initial allotment

or transfer of residential and commercial plots. These duties were applied based on the tax compliance status of buyers, with rates varying from 3% to 7% of the gross consideration.

According to the previous FED structure:

- Buyers listed on the active taxpayers' list were charged 3%.
- Those who failed to file tax returns by the due date faced a 5% duty.
- Buyers not registered as active taxpayers were subject to a 7% duty.

The removal of this duty is expected to ease the financial burden on property investors and developers, improving liquidity in the market. Industry experts anticipate that the decision will stimulate property transactions across both commercial and residential sectors, contributing positively to Pakistan's economy.

The real estate industry holds a vital position in the national economy, providing employment and attracting investment. The FBR's decision reflects a broader government effort to support key economic sectors and enhance market confidence.

Investors and buyers have welcomed the withdrawal, seeing it as a positive step to reduce transaction costs and simplify property dealings. This move aligns with Pakistan's ongoing initiatives to attract investment and promote sustainable economic growth.

The FBR continues to review tax policies to balance revenue collection with market needs, and this latest adjustment indicates a flexible approach to encourage compliance and participation in the formal economy.

This development is expected to have a ripple effect, encouraging more activity in the property sector and related industries, ultimately benefiting the wider economy.

For more detailed information, refer to the official FBR Sales Tax and Federal Excise Circular No. 2 of 2025.